



GOVERNMENT OF MAHARASHTRA

**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

FOR THE YEAR ENDED 31 MARCH 1996

No. 1

(REVENUE RECEIPTS)

GOVERNMENT OF MAHARASHTRA

CONTENTS

	Reference to	
	Paragraph	Page
Prefatory Remarks	...	vii
Overview	...	ix to xii

CHAPTER 1

GENERAL

Trend of Revenue Receipts	1.1	1
Variation between Budget Estimates and actuals	1.2	7
Analysis of collection	1.3	8
Cost of collection	1.4	9
Arrears of revenue	1.5	9
Arrears in assessments	1.6	11
Arrears in appeals	1.7	12
Frauds and evasion of tax	1.8	13
Write off and waiver of revenue	1.9	13
Refunds	1.10	14
Results of audit	1.11	14
Internal Audit	1.12	14
Outstanding Inspection Reports and audit observations	1.13	16
Follow up on Audit Reports	1.14	16

CHAPTER 2

SALES TAX

Results of audit	2.1	18
Improper disposal of remanded cases	2.2	18
Incorrect grant of exemption	2.3	19
Application of incorrect rate of tax	2.4	21
Incorrect grant of set-off	2.5	25
Short levy of tax	2.6	30
Short levy of turnover tax/ additional tax	2.7	32
Non-levy/short levy of purchase tax	2.8	34
Incorrect determination of taxable turnover	2.9	36
Loss of revenue due to remedial action being time-barred	2.10	39
Incorrect allowance of sales against declaration	2.11	39

Reference to	
Paragraph	Page

CHAPTER 2—*contd.*

Non-levy of Sales Tax on Transfer of Property in goods involved in execution of works contract	2.12	39
Non-levy of Sales Tax on Transfer of Right to use any goods for any purpose	2.13	41
Non-levy of penalty under the Central Sales Tax Act	2.14	41
Non-levy of interest	2.15	42

CHAPTER 3 STATE EXCISE

Results of audit	3.1	43
Short recovery of licence fee	3.2	43

CHAPTER 4 LAND REVENUE

Results of audit	4.1	45
Non-levy/short levy of Non-Agricultural Assessment, Increase of Land Revenue and conversion tax	4.2	45
Non-revision of non-agricultural assessments	4.3	46
Non-levy of assessment on the Government Toka land	4.4	47

CHAPTER 5 TAXES ON MOTOR VEHICLES

Results of audit	5.1	48
Non-recovery of tax	5.2	48
Incorrect grant of exemption from payment of tax	5.3	50

CHAPTER 6 STAMP DUTY AND REGISTRATION FEES

Results of audit	6.1	52
Exemptions, Remissions and Concessions of Stamp Duty and Registration Fee	6.2	52
Short levy of stamp duty due to misclassification of documents	6.3	60
Non-levy of stamp duty	6.4	62

CHAPTER 7 OTHER TAX RECEIPTS

Results of audit	7.1	63
------------------	-----	----

	Reference to	
	Paragraph	Page

SECTION A

ELECTRICITY DUTY

Levy and collection of electricity duty and fees	7.2	63
--	-----	----

SECTION B

THE MAHARASHTRA EDUCATION AND EMPLOYMENT GUARANTEE CESS

Non-remittance of education cess	7.3	67
Incorrect Grant of Exemption from Payment of Education Cess and employment guarantee cess	7.4	67

SECTION C

THE MAHARASHTRA TAX ON PROFESSIONS, TRADES, CALLINGS AND EMPLOYMENTS

Non-realisation of profession tax	7.5	69
-----------------------------------	-----	----

SECTION D

REPAIR CESS

Short recovery of repair cess	7.6	71
-------------------------------	-----	----

SECTION E

TAX ON BUILDINGS

Non-remittance of tax collected on larger residential premises	7.7	71
--	-----	----

SECTION F

ENTERTAINMENTS DUTY

Non-recovery of Entertainments Duty on Unspent Balance of Service Charges	7.8	72
---	-----	----

CHAPTER 8

NON-TAX RECEIPTS

Results of audit	8.1	73
Loss of Revenue Due to Failure to Recover the Dues from Tendu Leaves Purchasers	8.2	73
Loss of revenue due to sale of tendu leaves collected departmentally	8.3	74
Non-charging of surface rent on the land under mining operation	8.4	74
Short levy of inspection fee under Money Lenders Act	8.5	75

Reference to	
Paragraph	Page

APPENDICES

APPENDIX I

Year-wise details of outstanding audit observations under various receipts	...	79
--	-----	----

APPENDIX II

Statement showing number of paragraphs in respect of which explanatory memoranda have not been received	...	80
---	-----	----

APPENDIX III

Statement showing number of paragraphs in respect of which action taken notes on recommendations of the Public Accounts Committee have not been received	...	80
--	-----	----

PREFATORY REMARKS

This Report for the year ended 31 March 1996 has been prepared for submission to the Governor under Article 151(2) of the Constitution.

The audit of revenue receipts of the State Government is conducted under Section 16 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. This Report presents the results of audit of receipts comprising sales tax, state excise, land revenue, taxes on motor vehicles, stamp duty and registration fees, other tax and non-tax receipts of the State.

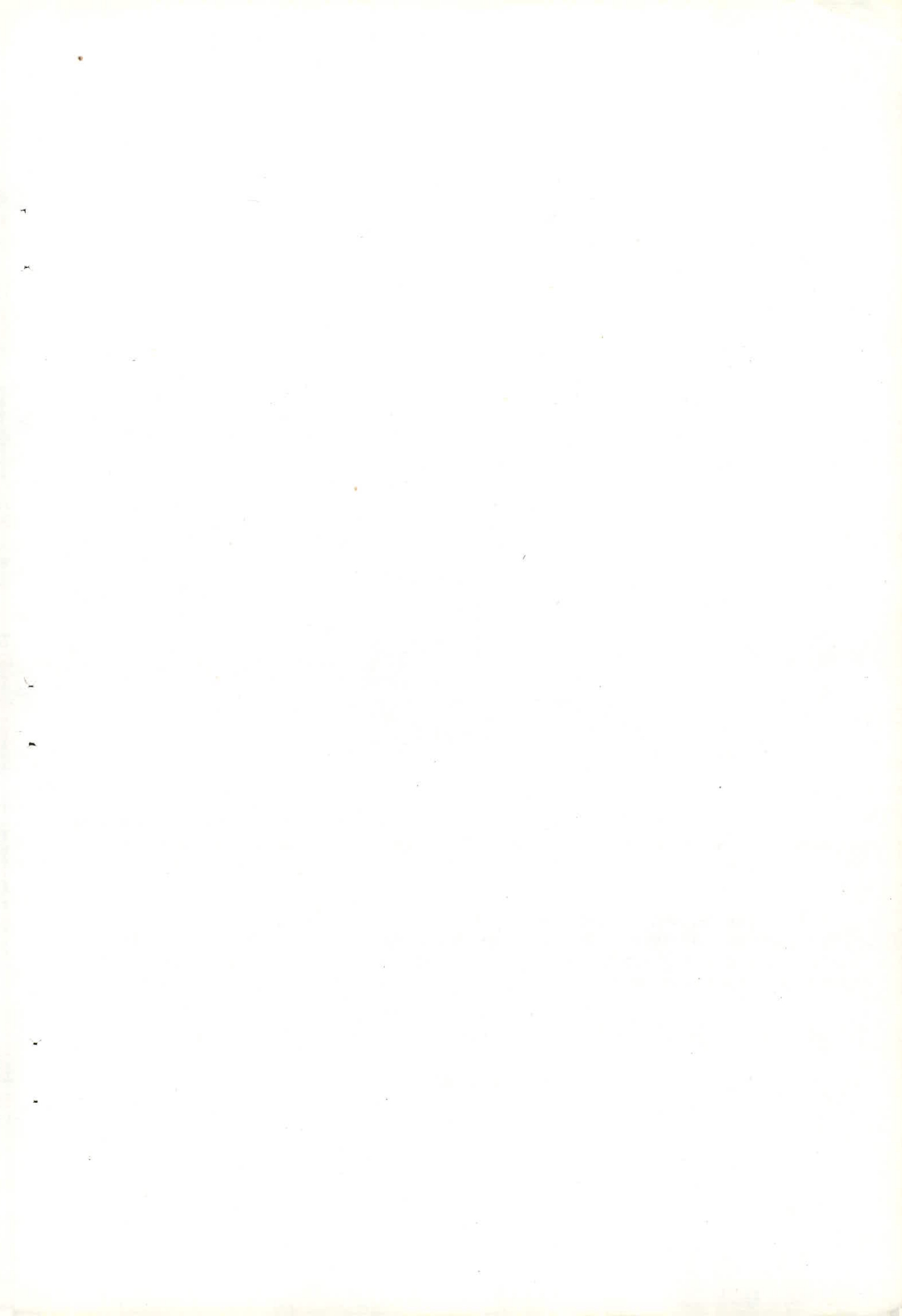
The cases mentioned in this Report are among those which came to notice in the course of test audit of records during the year 1995-96 as well as those noticed in earlier years which could not be included in previous Reports.

PREFATORY REMARKS

This Report for the year ended 31 March 1996 has been prepared for submission to the Governor under Article 151(2) of the Constitution.

The audit of revenue receipts of the State Government is conducted under Section 16 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. This Report presents the results of audit of receipts comprising sales tax, state excise, land revenue, taxes on motor vehicles, stamp duty and registration fees, other tax and non-tax receipts of the State.

The cases mentioned in this Report are among those which came to notice in the course of test audit of records during the year 1995-96 as well as those noticed in earlier years which could not be included in previous Reports.



OVERVIEW

This Report contains 34 paragraphs including two Reviews relating to non-levy/short levy of taxes, duties, interest and penalty etc. involving Rs. 22.30 crores. Some of the major findings are mentioned below :

1. General

(i) The revenue raised by the State Government during 1995-96 amounted to Rs. 16559.28 crores comprising Rs. 10934.45 crores as tax revenue and Rs. 2775.39 crores as non-tax revenue. Rs. 1677.47 crores were received from the Government of India as the State's share of divisible Union Taxes and Rs. 1171.97 crores as grants-in-aid. Sales Tax (Rs. 6844.32 crores) formed a major portion (63 per cent) of the tax revenue of the State. Interest receipts (Rs. 1271.21 crores) formed a major portion (46 per cent) of the non-tax revenue.

(Paragraph 1.1)

(ii) At the end of 1995-96, the arrears in respect of taxes administered by the departments of Finance, Home and Industries, Energy and Labour amounted to Rs. 3680.19 crores of which sales tax alone accounted for Rs. 2268.99 crores.

(Paragraph 1.5)

(iii) In respect of the taxes administered by the Finance Department such as Sales Tax, Profession Tax, and Tax on Works Contract etc. 12.32 lakhs assessments were completed during 1995-96 leaving a balance of 17.18 lakh assessments as on 31 March 1996.

(Paragraph 1.6)

(iv) Test check of records of Sales Tax, State Excise, Motor Vehicles Tax, Land Revenue and other departmental offices conducted during the year 1995-96 revealed under-assessments, short levy, losses of revenue etc. amounting to Rs. 7571.59 lakhs in 12,790 cases. The concerned departments accepted under-assessment, short levy etc. of Rs. 877.89 lakhs of which Rs. 548.39 lakhs had been pointed out in 1995-96 and rest in earlier years. Departments recovered Rs. 102.53 lakhs at the instance of audit.

(Paragraph 1.11)

(v) 4677 inspection reports (issued upto December 1995) containing 10,799 audit observations involving revenue of Rs. 181.81 crores were pending settlement at the end of June 1996.

(Paragraph 1.13)

2. Sales Tax

(i) Due to improper assessment of remanded cases, recovery of Rs. 278.46 lakhs became uncertain.

(Paragraph 2.2.)

(ii) Incorrect grant of exemption from payment of tax resulted in non-realisation of revenue of Rs. 295.29 lakhs.

(Paragraph 2.3)

(iii) Application of incorrect rate of tax resulted in non-realisation of revenue amounting to Rs. 93.44 lakhs.

(Paragraph 2.4)

(iv) Incorrect grant of set-off, resulted in non-realisation of revenue of Rs. 15.52 lakhs.

(Paragraph 2.5)

(v) Non-levy/short levy of tax resulted in non-realisation of revenue amounting to Rs. 26.47 lakhs.

(Paragraph 2.6)

(vi) Non-levy/short levy of turnover tax and additional tax resulted in non-realisation of revenue of Rs. 8.13 lakhs.

(Paragraph 2.7)

(vii) Non-levy/short levy of purchase tax resulted in non-realisation of revenue amounting to Rs. 14.77 lakhs.

(Paragraph 2.8)

(viii) Incorrect determination of taxable turnover/incorrect allowance of sales against declaration resulted in non-realisation of revenue amounting to Rs. 10.54 lakhs.

(Paragraph 2.9 and 2.11)

(ix) Failure to initiate timely remedial action resulted in loss of revenue of Rs. 16.17 lakhs.

(Paragraph 2.10)

(x) Non-levy of sales tax on transfer of property in goods involved in execution of works contract and on transfer of right to use any goods for any purpose resulted in non-realisation of revenue amounting to Rs. 12.74 lakhs.

(Paragraph 2.12 and 2.13)

(xi) Non-levy of penalty and interest resulted in non-realisation of revenue of Rs. 5.53 lakhs.

(Paragraph 2.14 and 2.15)

3. State Excise

Short recovery of licence fee resulted in non-realisation of revenue of Rs. 1.55 lakhs in 7 cases.

(Paragraph 3.2)

4. Land Revenue

Non-levy/short levy of non-agricultural assessment, increase of land revenue and conversion tax resulted in non-realisation of revenue amounting to Rs. 32.03 lakhs.

(Paragraph 4.2)

5. Motor Vehicles Tax

Motor Vehicles Tax and Further Tax amounting to Rs. 20.28 lakhs in 226 cases remained unrealised as demands were not raised by the department till they were pointed out in audit.

(Paragraph 5.2)

6. Stamp Duty and Registration Fees

(i) A review on exemptions, remissions and concessions of stamp duty and registration fees revealed the following ;

- (a) Exemption from stamp duty and registration fee of Rs. 118.50 lakhs on 32 instruments of Co-operatives, not eligible for exemption was irregularly allowed.
(Paragraph 6.2.7)
- (b) Duty amounting to Rs. 51.02 lakhs was lost due to adoption of incorrect value of the property.
(Paragraph 6.2.8)
- (c) Remission of duty and fee of Rs. 49.82 lakhs on 152 mortgaged deeds was erroneously extended to industrial concerns not covered by remission notification.
(Paragraph 6.2.9)
- (d) Non-observance of provisions of the act, resulted in loss of revenue of Rs. 41.14 lakhs.
(Paragraph 6.2.10 and 6.2.17)
- (e) Irregular concession of stamp duty amounting to Rs. 37.35 lakhs was allowed in respect of 16 non-residential and 86 residential premises not eligible for concessional rate of duty.
(Paragraph 6.2.11)
- (f) Benefit of exemptions of duty and fee of Rs. 7.56 lakhs was erroneously extended to 46 ineligible agriculturists and 40 individuals on loans exceeding the prescribed ceiling.
(Paragraph 6.2.12)
- (g) Non-implementation of revised rates of duty resulted in short realisation of revenue of Rs. 5.95 lakhs
(Paragraph 6.2.13)

(ii) Short levy of stamp duty due to misclassification of documents resulted in short levy of stamp duty amounting to Rs. 82.93 lakhs.

(Paragraph 6.3)

(iii) Non-levy of stamp duty of Rs. 6.30 lakhs on 5 instruments of consent decree operated as conveyance.

(Paragraph 6.4)

7. Other Tax Receipts

(i) A review on levy and collection of electricity duty and fees revealed the following;

- (a) There were considerable delays by 40 consumers in the remittance of electricity duty, the interest leviable for such belated payments for the period 1990-91 to 1994-95 amounted to Rs. 85.96 lakhs.

(Paragraph 7.2.7)

- (b) Electricity duty and interest amounting to Rs. 14.75 lakhs on energy consumed by Central Government employees were yet to be credited to Government Account.

(Paragraph 7.2.8)

- (c) Electricity duty from 3 textile mills amounting to Rs. 21.35 lakhs for the period 1982 to 1984 became irrecoverable due to concession granted by way of deferment of duty.

(Paragraph 7.2.9)

- (d) Non-conducting of inspection resulted in loss of inspection fees of more than Rs. 16.75 lakhs and inspection fees of Rs. 237.95 lakhs remained to be collected.

(Paragraph 7.2.10)

(ii) Government revenue amounting to Rs. 502.48 lakhs collected by Pune Municipal Corporation on account of State Education Cess and Employment Guarantee Cess was not credited into Government account.

(Paragraph 7.3)

(iii) Incorrect grant of exemption from payment of education cess and employment guarantee cess resulted in non-realisation of revenue of Rs. 4.09 lakhs.

(Paragraph 7.4)

(iv) Non-enrolment of 465 persons resulted in non-realisation of revenue of Rs. 3.36 lakhs on account of profession tax

(Paragraph 7.5)

(v) Application of incorrect rate of repair cess resulted in non-realisation of revenue amounting to Rs. 10.20 lakhs.

(Paragraph 7.6)

8. Non-tax Receipts

(i) Loss of revenue due to failure to recover the dues from tendu leaves purchasers amounted to Rs. 75.14 lakhs.

(Paragraph 8.2)

CHAPTER 1

GENERAL

1.1 Trend of Revenue Receipts

The tax and non-tax revenue raised by the Government of Maharashtra during the year 1995-96, the State's share of divisible Union taxes and grants-in-aid received from the Government of India during the year and corresponding figures for the preceding two years are given below and also exhibited in Chart-I.

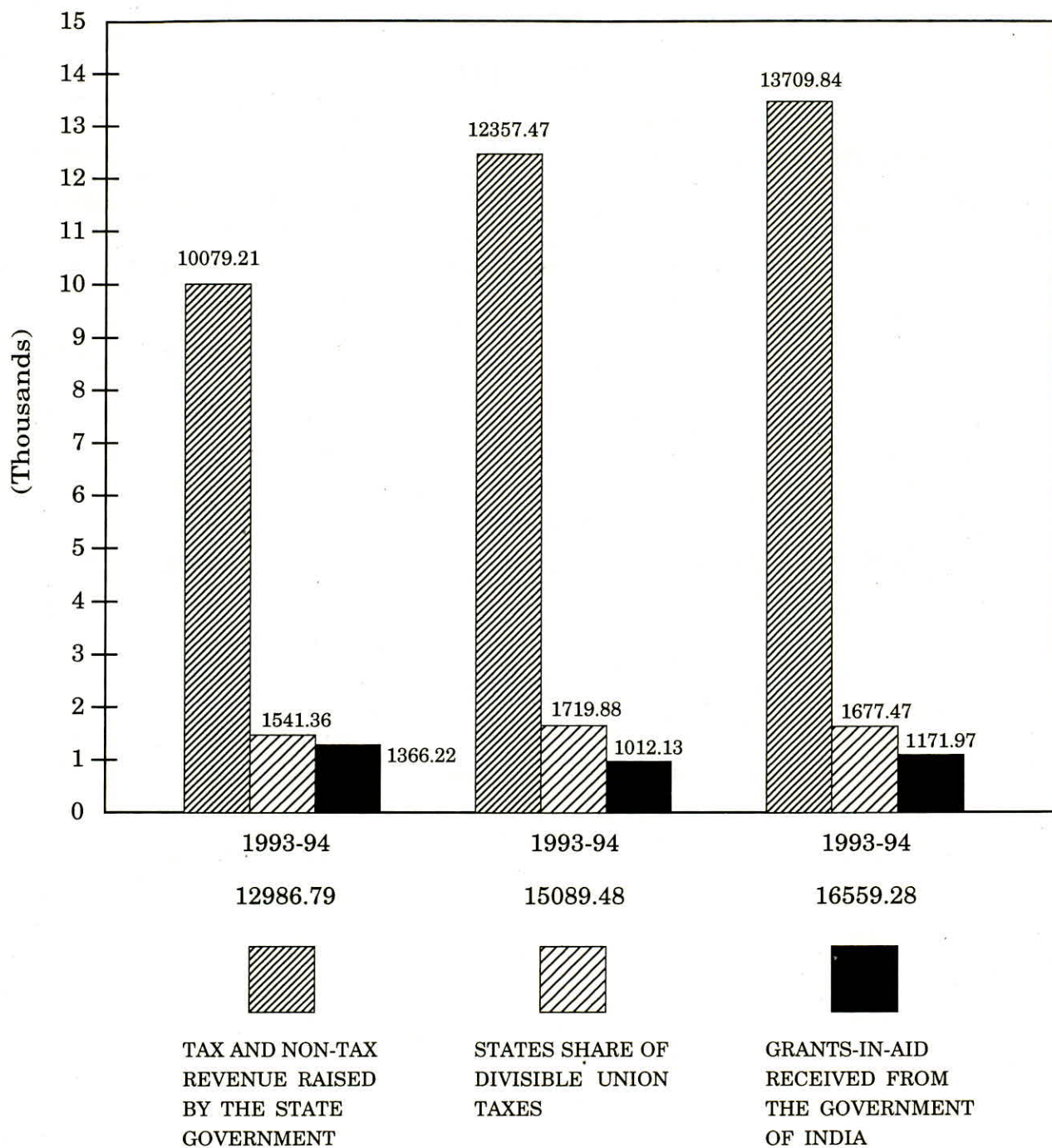
		1993-94	1994-95	1995-96
		(In crores of rupees)		
I.	Revenue raised by the State Government			
	(a) Tax revenue	7696.20	9454.62	10934.45
	(b) Non-tax revenue	2383.01	2902.85	2775.39
	Total	10079.21	12357.47	13709.84
II.	Receipts from the Government of India			
	(a) State's share of divisible Union taxes	1541.36	1719.88	1677.47
	(b) Grants-in-aid	1366.22	1012.13	1171.97
	Total	2907.58	2732.01	2849.44
III.	Total receipts of the State	12986.79	15089.48	16559.28
IV.	Percentage of I to III	78	82	83

Note : For details, please see Statement No. 11 - Detailed Accounts of Revenue by Minor Heads in the Finance Accounts of the Government of Maharashtra for the year 1995-96. Figures under the head "0021 - Taxes on Income other than Corporation Tax - share of net proceeds assigned to States" booked in the Finance Accounts under Tax Revenue have been excluded from revenue raised by the State and included in State's share of divisible Union taxes in this Statement.

CHAPTER I

TREND OF REVENUE RECEIPTS

(IN CRORES OF RUPEES)



(a) The details of tax revenue raised during the year 1995-96 alongwith figures for the preceding two years are given below and also exhibited in Chart-II.

		1993-94	1994-95	1995-96	Percentage of increase (+) or decrease (-) in 1995-96 over 1994-95
		(In crores of rupees)			
1.	Sales Tax	4740.78	5758.46	6844.32	19
2.	State Excise	903.16	944.37	1070.91	13
3.	Stamp Duty and Registration Fees	612.66	1116.58	1235.98	11
4.	Taxes and Duties on Electricity	336.66	336.68	357.12	6
5.	Taxes on Vehicles	270.48	344.52	423.19	23
6.	Other Taxes on Income and Expenditure—Tax on Professions, Trades, Callings and Employments	253.29	299.04	330.60	11
7.	Taxes on Goods and Passengers	251.65	279.11	248.35	(-) 11
8.	Other Taxes and Duties on Commodities and Services	250.60	262.02	303.46	16
9.	Land Revenue	76.91	113.84	120.52	6
10.	Others	0.01	—	—	
	TOTAL	7696.20	9454.62	10934.45	

The reasons for variations in receipts in 1995-96 as per Finance Accounts are as follows :

Sales Tax and Profession Tax : The increase (19 and 11 per cent) was due to normal growth and impact of revision and taxation structure during the year and also due to increase in sales of motor spirit and high speed diesel.

State Excise : The increase (13 per cent) was mainly due to increase in sale of alcohol and molasses.

Taxes on Vehicles : The increase (23 per cent) was due to more receipts on account of introduction of one time tax on four wheelers during the year besides normal growth of vehicles.

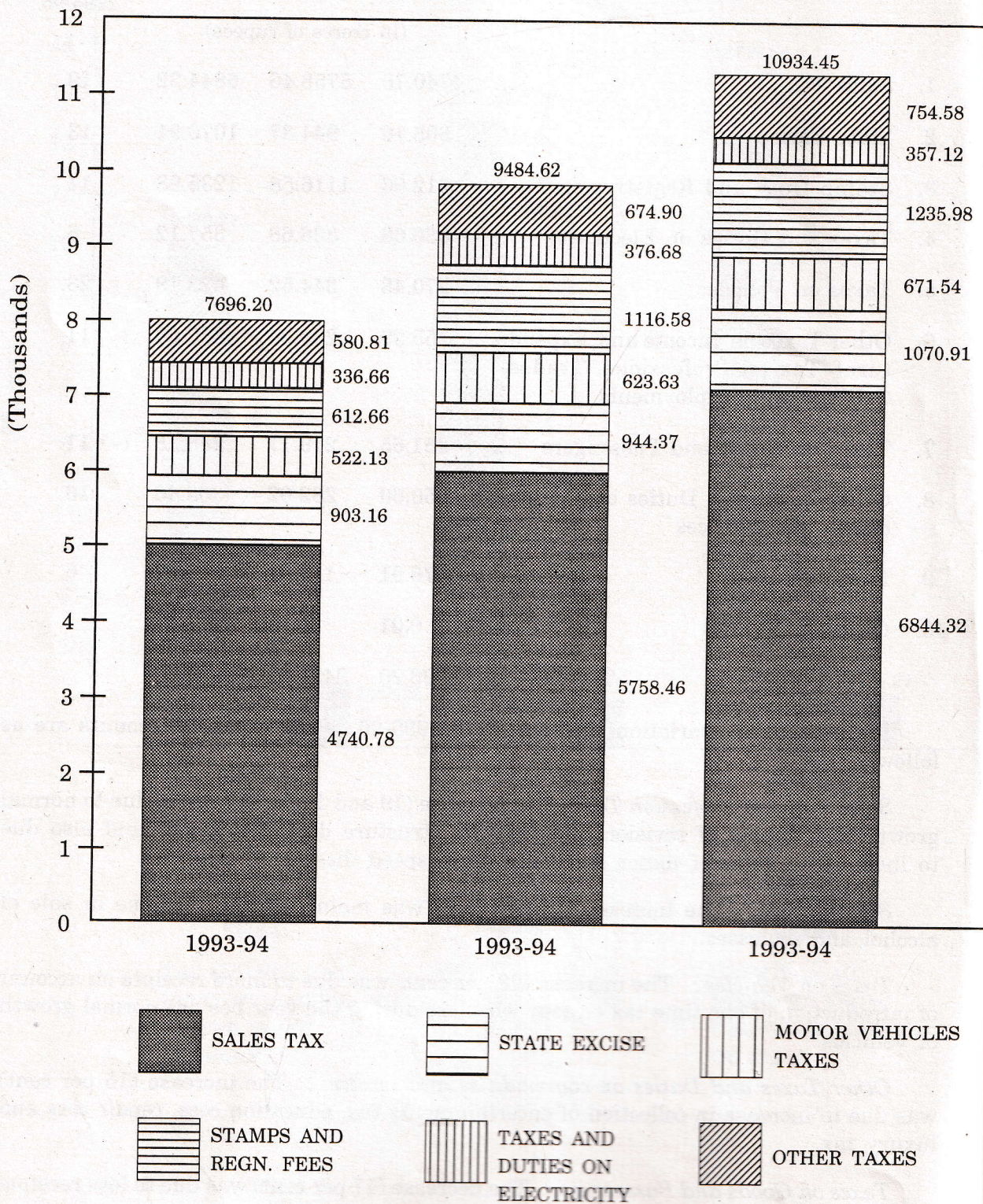
Other Taxes and Duties on commodities and services : The increase (16 per cent) was due to increase in collection of entertainments tax, education cess, repair cess and luxury tax.

Taxes on Goods and Passengers : The decrease (17 per cent) was due to less receipts from tax on goods, passengers carried by road or inland waterways.

CHAPTER II

GROWTH OF TAX REVENUE DURING THE PERIOD 1993-94 TO 1995-96

(IN CRORES OF RUPEES)



The details of the major non-tax revenue receipts during the year 1995-96 alongwith figures for the preceding two years are given below and also exhibited in Chart III.

		1993-94	1994-95	1995-96	Percentage of increase (+) or decrease (-) in 1995-96 over 1994-95
		(In crores of rupees)			
1.	Interest Receipts	928.61	1177.08	1271.21	8
2.	Dairy Development	571.62	646.83	389.01	(-) 40
3.	Other Non-tax Receipts	194.10	242.89	266.23	10
4.	Forestry and Wild Life	136.05	192.80	143.98	(-) 25
5.	Non-ferrous Mining and Metallurgical Industries	141.61	227.02	284.65	25
6.	Miscellaneous, General Services (including lottery receipts)	88.11	86.00	85.29	(-) 1
7.	Power	51.91	51.86	1.47	(-) 97
8.	Major and Medium Irrigation	78.29	70.99	77.02	8
9.	Medical and Public Health	57.27	62.88	56.24	(-) 11
10.	Co-operation	29.42	31.32	30.25	(-) 3
11.	Public Works	38.96	45.74	45.22	(-) 1
12.	Police	23.17	28.87	42.32	47
13.	Other Administrative Services	43.89	38.57	82.50	114
	TOTAL	2383.01	2902.85	2775.39	

The reasons for variations in receipts in 1995-96 as per Finance Accounts were as follows :

Non-ferrous Mining and Metallurgical Industries : The increase was due to increase in production of coal and other minerals.

Police : The increase (47 per cent) was mainly due to recovery of cost of the police supplied to other governments and parties.

Dairy Development : The decrease (40 per cent) was due to fall in procurement and consequential reduction in sales of milk.

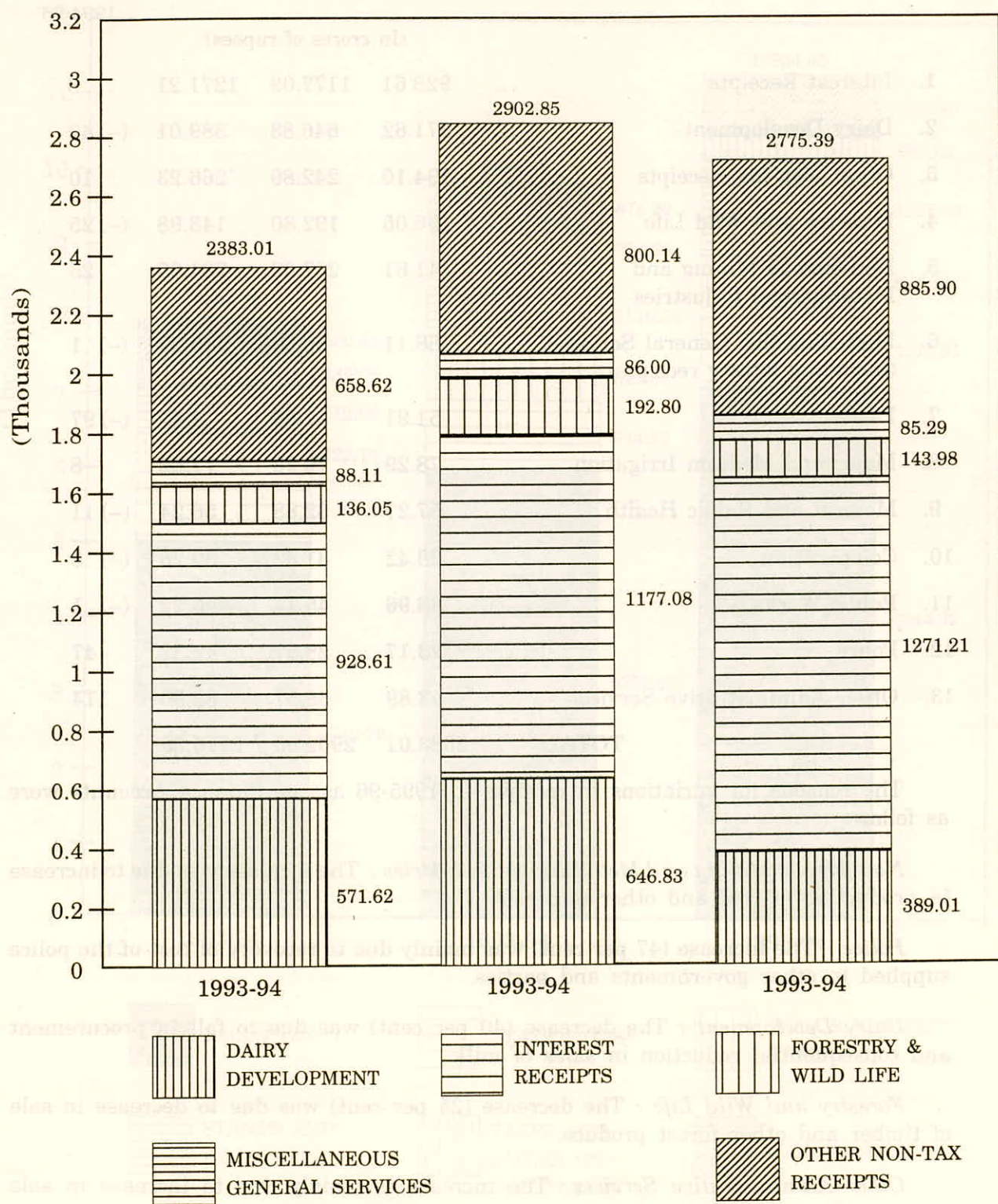
Forestry and Wild Life : The decrease (25 per cent) was due to decrease in sale of timber and other forest produce.

Other Administrative Services : The increase is mainly due to increase in sale proceeds of election forms and documents.

CHAPTER III

GROWTH OF NON-TAX REVENUE DURING THE PERIOD 1993-94 TO 1995-96

(IN CRORES OF RUPEES)



1.2 Variations between Budget estimates and actuals

The variations between the Budget estimates and actuals of revenue receipts for the year 1995-96 in respect of principal heads of tax and non-tax revenue are given below :

Head of Revenue	Budget estimates	Actuals	Variations Excess (+) or shortfall (-)	Percentage of variation
	(In crores of Rupees)			
1. Sales Tax	6088.00	6844.32	(+) 756.32	12
2. Interest Receipts	1300.48	1271.21	(-) 29.27	(-) 2
3. State Excise	984.40	1070.91	(+) 86.51	9
4. Dairy Development	444.22	389.01	(-) 55.21	(-)12
5. Stamps and Registration Fees	840.00	1235.98	(+) 395.98	47
6. Taxes and Duties on Electricity	366.18	357.12	(-) 9.06	(-) 2
7. Taxes on Vehicles	363.95	423.19	(+) 59.24	16
8. Taxes on Goods and Passengers	295.66	248.35	(-) 47.31	(-) 16
9. Other taxes on Income and Expenditure—Tax on Professions, Trades, Callings and Employments	300.00	330.60	(+) 30.60	10
10. Forestry and Wild Life	145.00	143.98	(-) 1.02	(-) 1
11. Land Revenue	70.00	120.52	(+) 50.52	72
12. Power	51.77	1.47	(-) 50.30	(-) 97
13. Non-ferrous Mining and Metallurgical Industries	170.62	284.65	(+) 114.03	67
14. Medical and Public Health	53.27	56.24	(+) 2.97	6
15. Police	37.89	42.32	(+) 4.43	12
16. Co-operation	35.85	30.25	(-) 5.60	16
17. Major and Medium Irrigation	71.78	77.02	(+) 5.24	1

The reasons for variations between Budget estimates and actuals as reported by the concerned departments are as follows :

Sales Tax and Profession Tax : The reasons for variation are due to inflation and growth rate and also due to increase in rate of taxes with effect from 1 October 1995.

Reasons for variation in respect of other receipts where it was substantial, though called for have not been received from the concerned departments (October 1996).

1.3 Analysis of collections

Break-up of total collections at pre-assessment stage and after regular assessment of Sales Tax, Motor Spirit Tax, Profession Tax, Entry Tax and Luxury Tax for the year 1995-96 and the corresponding figures for the preceding two years as furnished by departments are as follows :

Name of Tax Head	Year	Amount collected at pre-assessment stage	Amount collected after regular assessment (additional demand)	Penalties for delay in payment of taxes and duties	Amount refunded	Net collection	Percentage of column 3 to 7
------------------	------	--	---	--	-----------------	----------------	-----------------------------

(In crores of rupees)

Finance Department

Sales Tax	...	1993-94	3406.79	660.01	46.38	63.86	4002.94	85
		1994-95	4334.33	669.40	45.24	78.85	4924.88	88
		1995-96	6045.08	663.32	148.02	103.97	6604.43	93
Motor Spirit Tax	...	1993-94	673.89	Nil	Nil	Nil	673.89	100
		1994-95	832.66	Nil	Nil	Nil	832.66	100
		1995-96	992.72	**	**	**	992.72	100
Profession Tax	...	1993-94	250.09	3.20	0.21	0.04	253.25	99
		1994-95	288.49	2.67	0.19	Nil	291.16	99
		1995-96	318.95	2.70	0.26	0.01	321.64	99
Entry Tax	...	1993-94	7.15	1.29	Nil	Nil	8.44	85
		1994-95	10.79	1.57	Nil	Nil	12.36	87
		1995-96	10.35	1.53	0.06	**	11.88	87
Luxury Tax	...	1993-94	33.00	3.36	Nil	Nil	36.36	91
		1994-95	44.05	6.26	Nil	Nil	50.31	88
		1995-96	62.66	1.89	0.26	0.18	64.37	97

The table above shows that collection of revenue at pre-assessment stage ranged between 85 and 100 per cent during 1993-94, between 87 and 100 per cent during 1994-95 and between 87 and 99 per cent during 1995-96. This indicates awareness for voluntary compliance by tax payers and the limited role of tax collecting machinery in achieving the higher targets of income.

**Information not furnished by the Departments

1.4 Cost of collection

The gross collections in respect of major revenue receipts, expenditure incurred on their collection and the percentage of such expenditure to gross collections during the year 1993-94, 1994-95 and 1995-96 alongwith the relevant all India average percentage of expenditure on collection to gross collection for 1994-95 are given below :

Head of Account	Year	Collection	Expenditure on collection of revenue**	Percentage of expenditure on collection,	All India Average for the year 1994-95
(In crores of rupees)					
1. Sales Tax	1993-94	4740.78	38.05	0.80	
	1994-95	5758.46	45.32	0.78	1.25 %
	1995-96	6844.32	52.62	0.76	
2. Taxes on Vehicles and Taxes on Goods and Passengers	1993-94	522.13	14.42	2.76	
	1994-95	623.63	16.03	2.57	2.50 %
	1995-96	671.54	17.57	2.62	
3. State Excise	1993-94	903.16	5.29	0.59	
	1994-95	944.37	5.07	0.54	3.12 %
	1995-96	1070.91	4.17	0.39	
4. Stamp Duty and Registration fees	1993-94	612.66	***		
	1994-95	1116.58	18.18	1.63	3.65 %
	1995-96	1235.98	***		

1.5 Arrears of revenue

The arrears of revenue as on 31 March 1996 under principal heads of revenue and details of action taken to recover them as furnished by some of the departments are given below :

Source of Revenue	Amount outstanding as on 31 March 1996	Amount outstanding for more than 5 years as on 31 March 1996	Remarks
(In crores of rupees)			
1. Sales Tax	2268.99	371.38	**
2. Profession Tax	200.80	42.97	**
3. Purchase Tax on Sugarcane	156.21	44.48	**
4. Taxes on Vehicles	55.55	25.85	Out of Rs. 55.55 crores, demand of Rs. 26.41 crores is covered by issue of R.R.Cs. Recoveries of Rs. 2.33 crores are stayed by High Court and Government. Amount of Rs. 5.44 crores is likely to be written off and amount of Rs. 21.39 crores is at other stages of action.

* Figures as per Finance Accounts

** Figures as furnished by the department

*** Information not furnished by the departments

Source of Revenue	Amount outstanding as on 31 March 1996	Amount outstanding for more than 5 years as on 31 March 1996	Remarks
(In crores of rupees)			
5. Taxes and Duties on Electricity	915.54	306.33	The District Collectors have been directed by the Government to recover the arrears of electricity duty and inspection fees from the defaulting consumers as arrears of Land Revenue.
6. State Excise	4.23	2.32	Out of Rs. 4.23 crores, an amount of Rs. 1.37 crore is pending in the Court. In respect of Rs. 1.61 crore, efforts are being made to recover by way of arrears of land revenue. In respect of Rs. 0.33 crore, the defaulters are not traceable and the amount of Rs. 0.89 crore is at other stages of action.
7. Taxes on goods and Passengers	1.60	1.60	Out of Rs. 1.60 crores, demand of Rs. 1.22 crores is covered by issue of R.R.Cs. Recoveries of Rs. 0.20 crore are stayed by High Court and Government. In respect of Rs. 0.13 crore, the dealers have become insolvent. An Amount of Rs. 0.02 crore is likely to be written off and amount of Rs. 0.03 crore is at other stages of action.
8. Others—			
(a) Tax on Works Contract	50.91	5.04	**
(b) Lease Tax	10.08	1.08	**
(c) Agricultural Income Tax	4.88	4.88	**
(d) Luxury Tax (Re-enacted)	2.31	0.01	**
(e) Entry tax	1.51	0.43	**
(f) Sale of Jail manufacture	0.68	0.05	The amount is under progress of recovery.
(g) Receipts from Biological and Poultry products	0.52	0.52	The amount of Rs. 0.52 crore is being recovered as arrears of land revenue.

** Information not furnished by the departments

Source of Revenue	Amount outstanding as on 31 March 1996	Amount outstanding for more than 5 years as on 31 March 1996	Remarks
	(In crores of rupees)		
(h) Receipts under Major Minerals	6.38	0.69	Out of Rs. 6.38 crores, recoveries of Rs. 0.26 crore are pending with Court and Government. In respect of Rs. 0.06 crore, R.R.Cs. have been issued to Collectors. Whereabouts of defaulters not known in respect of Rs. 0.013 crore. Recovery of Rs. 6.05 crores was at other stages of action.
Total	3680.19	807.63	

The information regarding details of arrears from Revenue and Forests Department (relating to Land Revenue and Stamp Duty and Registration Fee receipts) has not been received (October 1996).

1.6 Arrears in assessments

The details of assessment cases pending at the beginning of the year 1995-96, cases becoming due for assessment during the year, cases disposed of during the year and number of cases pending finalisation at the end of the year 1995-96 as furnished by the respective departments in respect of sales tax, profession tax, purchase tax on sugarcane, entry tax, lease tax, luxury tax and tax on works contract are given below :

Name of Tax	Opening balance	Cases due for assessment during 1995-96	Total assessments due	Cases disposed of	Balance at the end of the year	Percentage of column 6 to 4
1. Finance Department						
Sales Tax	1363998	838687	2202685	990765	1211470	55
Profession Tax	462912	224491	687403	230732	456671	66
Purchase Tax on sugarcane	4251	1281	5532	724	4808	87
Entry Tax	2514	1309	3823	1636	2187	57
Lease Tax	3273	1809	5082	1126	3956	78
Luxury Tax	2395	1550	3945	1105	2840	72
Tax on Works Contract	29727	12391	42118	6161	35957	85
Total	1869070	1081518	2950588	1232249	1717889	

The year-wise break-up of the pending cases as on 31 March 1996 is as under :

Year	Sales Tax	Profession Tax	Purchase Tax on Sugarcane	Entry Tax	Lease Tax	Luxury Tax	Tax on Works Contract
1992-93	272444	214346	2653	1417	1708	912	20963
1993-94	382367	111947	1057	368	1090	893	7230
1994-95	557109	130378	1098	402	1158	1035	7764
1995-96	Nil	Nil	Nil	Nil	Nil	Nil	Nil
TOTAL	1211920	456671	4808	2187	3956	2840	35957

2. Home Department

Name of Tax	Opening balance	Cases due for assessment during 1995-96	Total assessments due	Cases disposed of	Balance at the end of the year	Percentage of column 6 to 4
Taxes on Vehicles	495102	106117	601219	33273	567946	94
Taxes on Goods and Passengers	9366	—	9366	20	9346	99
TOTAL	504468	106117	710585	33293	577292	

1.7 Arrears in appeals

The arrears of revenue at the end of the last three years and revenue blocked due to appeals in respect of Sales Tax and Motor Vehicles Tax Departments are given below :

As on 31 March	Total Revenue in arrears No. of cases	Amount	Involved in appeals No. of cases	Amount	Percentage of Column 3 to 2 Cases	Amount
(In crores of rupees)						

(i) Sales Tax

1994	310679	1517.69	38679	360.82	12	24
1995	324789	1946.36	44888	855.54	14	44
1996	348278	2268.49	47497	1176.20	14	52

(ii) Motor Vehicles Tax and Tax on Goods and Passengers

1994	448126	53.80	425	2.18	0.09	4.06
1995	504468	54.87	428	2.20	0.09	4.01
1996	577292	57.15	1968	2.47	0.34	4.32

Though huge amount of revenue was blocked due to appeals, no effective steps were taken to dispose of the appeal cases.

1.8 Frauds and evasion of tax

The details of cases of evasion of tax detected by the Sales Tax, Motor Vehicles Tax and State Excise Departments, cases finalised and the demands for additional tax raised as reported by the departments are given below :

Sr. No.	Name of tax/duty	Cases pending as on 31 March	Cases detected during 1995-96	Total	No. of cases in which assessment/investigations completed and additional demand including penalty etc. raised		No. of cases pending finalisation as on 31 March 1996
					No. of cases	Amount of demands in lakhs of rupees	
1.	Sales Tax	2719	1740	4459	1717	2716.70	2742
2.	State Excise	4	—	4	4	68.19	4
3.	Motor Vehicles Tax	7485	394202	401687	401687	4100.58	—

1.9 Write-off and waiver of revenue

During the year 1995-96, demands for Rs. 109.58 lakhs (in 150 cases) relating to Sales Tax, Rs. 56.35 lakhs (in 2095 cases) relating to Motor Vehicles Tax and Passengers Tax and Rs. 4.79 lakhs (in 15 cases) relating to State Excise were written-off by the departments as irrecoverable. Reasons for the write-off of these demands as reported by the departments were as follows :

(In lakhs of rupees)

	Sales Tax		Motor Vehicles Tax, Goods Tax and Passengers Tax		State Excise	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1. Whereabouts of defaulters not known	77	74.28	1809	39.52	9	0.97
2. Defaulters no longer alive	6	1.95	38	0.26	2	3.33
3. Defaulters not having any property	39	9.03	193	16.25	2	0.27
4. Defaulters adjudged as insolvent	—	—	—	—	1	0.21
5. Other reasons	3	0.03	55	0.32	1	0.01
6. Remission of penalty	25	24.29	—	—	—	—
TOTAL	150	109.58	2095	56.35	15	4.79

1.10 Refunds

The number of refund cases pending at the beginning of the year 1995-96, claims received during the year, refunds allowed during the year and cases pending at the close of the year 1995-96, as reported by the departments are given below :

(In lakhs of rupees)

	Sales Tax		Motor Vehicles Tax		Taxes and Duties on Electricity		State Excise	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1. Claims outstanding at the beginning of the year	2082	1241	1147	12.35	41	1.07	1104	44.75
2. Claims received during the year	25670	11241	1297	19.95	68	1.90	6	7.62
3. Refund made during the year	24800	10397	1674	24.98	46	1.52	12	27.01
4. Balance outstanding at the end of the year	2952	2085	770	7.32	63	1.45	1088	25.25

1.11 Results of audit

Test check of records of Sales Tax, Land Revenue, State Excise, Motor Vehicles Tax, Stamp Duty and Registration Fees, Electricity Duty, Other Tax Receipts, Forest Receipts and other Non-tax Receipts conducted during the year 1995-96 revealed under-assessment/short levy/loss of revenue amounting to Rs. 7571.59 lakhs in 12790 cases. During the course of the year 1995-96, the concerned departments accepted under-assessments etc., of Rs. 877.89 lakhs involved in 2890 cases, of which 429 cases involving Rs. 548.39 lakhs had been pointed out in audit during 1995-96 and the rest in earlier years. Of these, departments recovered Rs. 102.53 lakhs.

This Report contains 34 Paragraphs including 2 reviews involving Rs. 2229.67 lakhs. The departments/ Government have accepted audit observations involving Rs. 889.89 lakhs. No reply has been received in the remaining cases.

1.12 Internal Audit

- (A) **State Excise :** Internal Audit Wing of the department functions under the overall control of the Commissioner of State Excise who is assisted by one Deputy Commissioner, one Assistant Commissioner and Divisional Deputy Commissioners one each at Pune, Nagpur, Thane and Aurangabad.

The performance of Internal Audit during the year 1995-96 is as under :

(a) Target in terms of number of units	...	607
(b) Number of units audited	...	607
(c) Shortfall	...	—
(d) Cases in which objections were raised—		
(i) Number of cases	...	47
(ii) Amount in crores of rupees	...	0.14
(e) Demand raised—		
(i) Number of cases	...	47
(ii) Amount in crores of rupees	...	0.14
(f) Amount recovered—		
(i) Number of cases	...	11
(ii) Amount in crores of rupees	...	0.02

- (B) **Sales Tax:** Internal Audit Wing of the department functions under the overall control of the Additional Commissioner of Sales Tax, who is assisted by one Deputy Commissioner (Audit). For auditing assessment cases involving tax of Rs. 4 lakhs and above, he is also assisted by the Assistant Commissioner of Sales Tax. Other cases are audited by the respective administrative Deputy Commissioners and Assistant Commissioners.

The performance of Internal Audit during the year 1995-96 was as under :

(a) Target in number of cases	...	47,200
(b) Number of cases audited	...	42,112
(c) Shortfall	...	5,008
(d) Cases in which objections were raised—		
(i) Number of cases	...	3875
(ii) Amount in crores of rupees	...	27.36
(e) Demand raised—		
(i) Number of cases	...	305
(ii) Amount in crores of rupees	...	0.80
(f) Amount recovered—		
(i) Number of cases	...	138
(ii) Amount in crores of rupees	...	0.27

- (C) **Motor Vehicles Tax:** Internal Audit Wing of the department consisting of 6 Senior Auditors, 59 Junior Auditors, 13 Senior Clerks and 93 Junior Clerks functions under the overall control of the Transport Commissioner.

The performance of Internal Control Wing during the year 1995-96 was as under :

(a) Target in number of cases	...	—
(b) Number of cases audited	...	—
(c) Shortfall	...	—

(d) Cases in which objections were raised—		
(i) Number of cases	...	7,709
(ii) Amount in crores of rupees	...	0.65
(e) Demand raised		
(i) Number of cases	...	7,709
(ii) Amount in crores of rupees	...	0.65
(f) Amount recovered		
(i) Number of cases	...	6,869
(ii) Amount in crores of rupees	...	0.19

1.13 Outstanding inspection reports and audit observations

Audit observations on incorrect assessments, short levy of taxes, duties, fees and other revenue receipts, as also defects in maintenance of initial records noticed during the local audit and not settled on the spot are communicated to the heads of offices and to the departmental authorities through inspection reports. The more important irregularities are reported to the heads of departments and Government. Government have prescribed that first replies to inspection reports should be sent to Audit within one month from the date of receipt of the inspection reports.

At the end of June 1996, 10799 observations (in 4677 inspection reports) involving Rs. 181.81 crores issued up to 31 December 1995, were still to be settled as detailed below. The figures as on 30 June 1994 and 30 June 1995 are also indicated alongside for comparison.

	As at the end of		
	June 1994	June 1995	June 1996
Number of inspection reports	3824	4410	4677
Number of audit observations	9355	10409	10799
Amount involved (In crores of rupees)	63.13	318.47	181.81

In respect of 1691 observations (in 661 inspection reports) involving Rs. 15.10 crores, even the first replies had not been received.

Year-wise break-up of the outstanding inspection reports as on 30 June 1996, together with amounts of receipts involved, is given in the Appendix I. The above position was brought to the notice (September 1996) of the Secretaries of the respective Government Departments and was reported to the Chief Secretary in October 1996.

1.14 Follow up on Audit Reports

- (i) According to the instructions issued by the Finance Department in March 1981, the departments are requested to furnish explanatory memoranda to the Maharashtra Legislature Secretariat in respect of paragraphs contained in Audit Reports within one month of their being laid on the table of the House, duly vetted by Audit.

It was noticed that the departments have not submitted (August 1996) explanatory memoranda in respect of paragraphs of Audit Reports for the years 1992-93 to 1994-95. The details are given in Appendix II.

- (ii) The Public Accounts Committee has discussed 27 selected paras pertaining to Audit Reports for the years 1986-87 to 1988-89 and given their recommendations on 6 paras which have been incorporated in their 27th Report (1994-95). However, action taken notes on recommendations of the Public Accounts Committee have not been received from the concerned departments (August 1996). The details are given in Appendix III.

The matter was reported to Government in June 1996; their reply has not been received (October 1996).

CHAPTER 2

SALES TAX

2.1 Results of audit

Test check of records of sales tax department conducted during the year 1995-96 revealed under-assessment/short levy/loss of revenue amounting to Rs.660.22 lakhs in 1941 cases which broadly fall under the following categories.

		Number of cases	Amount (In lakhs of rupees)
Non-levy/short levy of tax	...	992	390.25
Incorrect allowance of set-off	...	287	126.14
Non-levy/short levy of penalty	...	184	22.82
Omission to forfeit tax irregularly collected	...	15	7.09
Other irregularities	...	463	113.92
Total	...	1941	660.22

During the course of the year 1995-96, the department accepted under-assessment etc. of Rs.179.22 lakhs involved in 1065 cases, of which 100 cases involving Rs.7.22 lakhs had been pointed out during 1995-96 and the rest in earlier years. Of these, department recovered Rs.16.89 lakhs.

A few illustrative cases noticed during 1995-96 and in earlier years involving Rs.777.18 lakhs highlighting important audit observations are mentioned in the following paragraphs.

2.2 Improper disposal of remanded cases

- (a)(i) In order to ensure proper watch over the progress of fresh assessment of remanded other cases, the departmental manual provides that the assessing officer should enter the pendency of assessments in respect of period covered under a remand order, in red ink, in the register of pending assessments known as register of 'Ps' and delete it therefrom on completion of fresh assessment. The assessing officers are also required to send a monthly report, based on this register, to their immediate controlling officers. Test check of 1381 remanded cases pertaining to 12 appellate authorities revealed (November 1995 to April 1996) that 352 cases remanded by various appellate authorities during the period 1992-93 and 1994-95, were not entered by the assessing officers concerned in the register of Ps and in 21 cases the assessing officers had made necessary entries only at the time of disposal of the remanded cases.
- (ii) For exercising effective control over disposal of remanded cases, it was necessary for the controlling officers to call for a separate periodical report from the assessing officers. However, no such report was prescribed by the department. The monthly report presently

being sent by the assessing officers to their controlling officers did not provide for furnishing the information regarding disposal of remanded cases. The department was, therefore, unable to indicate/know the position of remanded cases at a particular point of time.

- (b) The Bombay Sales Tax Act, 1959 provides maximum time limit of 36 months for fresh assessment of remanded cases, otherwise these become time barred. The department instructed (February 1989) assessing officers to pass fresh assessments in remanded cases without any delay. However a scrutiny by audit of 1351 cases remanded during 1989-90 to 1994-95 revealed that in 463 cases (including 72 cases where time limit was over), involving 1496.38 lakhs the fresh assessments were not done and in 47 cases involving Rs.192.54 lakhs the same were done after 3 years. The recovery in respect of fresh assessments in 47 cases involving Rs.192.54 lakhs becomes doubtful being these cases barred by limitation of time. The recovery in another 72 cases involving Rs.85.92 lakhs is also doubtful as fresh assessments of these cases were not completed even after 36 months. Further, the non-completion of fresh assessments in 291 cases resulted in blocking of revenue of Rs.1410.46 lakhs as detailed below :—

	1992-93		1993-94 (Rupees in lakhs)		1994-95	
	No. of cases*	Amount	No. of cases	Amount	No. of cases	Amount
Cases required to be assessed	460	—	494	—	397	—
Cases assessed within 1 year	137	616.61	147	2.38	136	(-)29.94
Cases assessed within 1 to 3 years	148	89.55	122	554.55	28	14.60
Cases assessed after 3 years	41	121.92	6	70.62	—	—
Cases not yet assessed	72	85.92	180	560.20	211	850.26

* includes 12 cases remanded prior to 1992-93

Note: In the remaining 123 cases the assessment records were not made available

The matter was pointed out to the department and reported to the Government in May 1996; their final reply has not been received (October 1996).

2.3 Incorrect grant of exemption

- (a) The Central Sales Tax Act, 1956 provides that on inter-State sale or purchase of any goods, other than declared goods, which are not supported by declaration in Form C or Form D, tax is leviable at 10 per cent or at the rate applicable to sale or purchase of such goods inside the State under the Sales Tax law of the appropriate State, whichever is higher. The Act further provides that when the sale of any goods inside the appropriate State is exempted generally from tax, then, the rate of tax applicable to the inter-State sale or purchase of such goods shall be 'Nil'. For this purpose, a sale or purchase of any goods shall not be deemed to be exempt from tax generally under the sales tax law of the appropriate State if under that law the sale or purchase of such goods is exempt only in specified circumstances or under specified conditions. The price based exemption of sale or purchase of any goods is a conditional exemption.

Under the Bombay Sales Tax Act, 1959, on sale of 'hosiery goods' sales tax is leviable at 4 per cent under entry 17 of Part I of Schedule 'C' to the Act. By a notification, the Government exempted whole of tax payable on sale of hosiery goods if sold at price not exceeding Rs.30 per piece with effect from 1 September 1990. Interest is also leviable as per the provisions of the Act.

In Mumbai, while assessing (December 1994 and March 1995) two manufacturers of hosiery goods for the period 1 April 1991 to 31 March 1992, sales of Rs.5.68 crores and Rs.13.26 crores respectively of hosiery goods (sold at a price not exceeding Rs.30 per piece) in the course of inter-State trade were exempted from payment of tax. As the exemption granted under the State sales tax law was conditional, no exemption from payment of Central sales tax was admissible. This resulted in irregular grant of exemption of Rs.2.93 crores (including interest of Rs.1.21 crores).

On this being pointed out (November 1995) in audit, the department while accepting the audit observations stated (February 1996) that it would be unfair to levy tax on transactions which were hitherto allowed as exempt or taxed at lower rate. Accordingly, the matter has been referred to Government for policy decision and remedial action. The department has pleaded that till a policy decision is taken, the old prepositions may not be disturbed.

The matter was reported to Government in April 1996; their reply has not been received (October 1996).

- (b) Under the provisions of the Bombay Sales Tax Act, 1959 and notification issued in July 1980, sales by a manufacturer which is an industrial unit set up in the developing regions of the State of Maharashtra and duly certified as an eligible industrial unit, by designated authority and to whom a certificate of entitlement covering certain items has been granted by the Commissioner of Sales Tax, is exempt from payment of tax on sales. Such manufacturer holding a certificate of entitlement may also purchase raw material without payment of tax by furnishing a declaration in the prescribed Form 'BC' declaring that raw material so purchased shall be used in his own industrial unit for manufacture of taxable goods for sale. Where the manufacturer has purchased raw material on payment of taxes, he is entitled for full set-off of taxes paid on purchases of such raw material.

Additional tax, turnover tax, interest and penalty are leviable as per the provisions of the Act.

- (i) In Sangli, a manufacturer of pipes and fittings was granted certificate of entitlement for the manufacture of these goods for the period from 1 July 1986 to 31 March 1989. In the assessment (July 1990, December 1990 and July 1991) for the period from 1 July 1986 to 30 June 1987, 1 July 1987 to 30 June 1988 and 1 July 1988 to 31 March 1989, the sales of waste, dust and scrap valued at Rs.1.78 lakhs not covered by entitlement certificate were erroneously allowed exempt from tax. This resulted in under-assessment of tax of Rs.52,785 (including interest of Rs.23,994).

On this being pointed out (November 1992) in audit, the department revised (February 1994) the assessment orders and raised demands of Rs.52,785. The dealer has filed an appeal. Further report has not been received (October 1996).

The matter was reported to Government in January 1996; their reply has not been received (October 1996).

- (ii) In Nagpur, an assessee engaged in the manufacture of V Belt was granted certificate of entitlement for the period from 15 March 1981 to 14 March 1988. In the assessment (November 1989) for the period 1 April 1987 to 31 March 1988, it was noticed that there was closing stock of raw material amounting to Rs.44.23 lakhs. As no separate details of purchases made during and after expiry of entitlement certificate and those made against 'BC' Forms otherwise were available, the department was therefore, requested (July 1991) to reverify the assessment and determine the exact value of closing stock of material purchased on 'BC' form.

The department re-verified (October 1993) the assessment records and noticed that there was closing stock of raw material of Rs.11.45 lakhs purchased on 'BC' forms, before the date of expiry of validity period, which escaped levy of purchase tax. The mistake was rectified by the department (October 1993) by raising additional demand of Rs.1.27 lakhs (including interest of Rs.72,866) after allowing admissible set-off. Report on recovery has not been received (October 1996).

The matter was reported to Government in March 1996; their reply has not been received (October 1996).

- (c) Under the provisions of the Bombay Sales Tax Act, 1959 and a notification issued thereunder, sales of an industrial unit set-up in the developing regions of the State of Maharashtra holding a certificate of entitlement are exempted from payment of tax payable on the goods manufactured and sold within the validity period of certificate of entitlement. Failure to comply with the aforesaid conditions, entails levy of tax. Further, interest at prescribed rate is also leviable for default in payment of tax.

In Nagpur, in the assessment (November 1989) of a manufacturer of Iron and Steel Bar for the period from 3 November 1986 to 22 October 1987, sales amounting to Rs.4.62 lakhs were exempted from levy of tax even though the goods were manufactured prior to 15 May 1987 i.e. the date of commencement of validity period of certificate of entitlement. The mistake occurred due to non-maintenance of separate books for manufacture of goods. This has resulted in non-levy of tax amounting to Rs.49,012.

On this being pointed out (May 1991) in audit, the department re-verified the accounts maintained by the assessee and passed (February 1995) rectification order by creating additional demand of Rs.49,012 (including interest of Rs.31,254). Report on recovery has not been received (October 1996).

The matter was reported to Government in December 1995; their reply has not been received (October 1996).

2.4 Application of incorrect rate of tax

Under the Bombay Sales Tax Act, 1959, the rate of tax leviable on any commodity is determined with reference to the relevant entry in the Schedule to the Act.

A dealer whose turnover either of all sales or of all purchases exceeds 10 lakhs of rupees in any year is liable to pay additional tax at the rate of 12 per cent of the tax payable by him for that year.

If any tax is found due from a dealer in respect of any period as a result of an order of assessment passed under the Act, simple interest of a sum equal to 2 per cent of such tax for each month or part thereof is also leviable from the first date after the end of the period for which the dealer has been so assessed till the date of order of assessment.

In assessing 11 dealers in four districts, it was noticed (between July 1993 and December 1995) that due to application of incorrect rate of tax, the dealers were under-assessed to the extent of Rs.93.44 lakhs as detailed below :

Sr. No.	Period of assessment	Commodity sold	Reasons for short levy of tax	Under assessment including additional tax, interest and penalty (in lakhs of Rupees)	Remarks
Thane District					
1	1 April 1990 to 31 March 1991	Xerox Machine	Tax levied at 4 per cent instead of 15 per cent on turnover of Rs. 3.73 crores	78.86	On this being pointed out (December 1995) in audit, the department stated (January 1996) that the goods sold were correctly taxed at 4 per cent in view of the determination order passed by the Commissioner of Sales Tax. The reply of the department is not tenable in view of the decision of tribunal* which becomes binding on the department.
2	1 April 1990 to 31 March 1991	Earth-moving machinery (excavator loader)	Tax levied at 10 per cent instead of 15 per cent on sales of Rs.23.62 lakhs of spare parts of excavator and non-levy of additional tax and turnover tax on excavator loaders treating them as motor vehicles	3.36	On this being pointed out (February 1995) in audit, the department re-assessed (November 1995) the dealer and raised additional demand of Rs. 3.36 lakhs. The dealer has preferred an appeal against the re-assessment order.

*M/s Perfect Processors Vs. State of Maharashtra (SA No. 84 of 1992 dated 31 January 1994).

Sr. No.	Period of assessment	Commodity sold	Reasons for short levy of tax	Under assessment including additional tax, interest and penalty (in lakhs of Rupees)	Remarks
Mumbai District					
3	1 April 1991 to 31 March 1992	Flavouring essences	Tax levied at 4 per cent on turnover of Rs.17.42 lakhs instead of 15 per cent.	3.69	On this being pointed out (November 1995) in audit, the department initiated action to re-assess the dealer. Further report has not been received (October 1996).
4	1 April 1991 to 31 March 1992	Spare parts of Xerox machine.	Tax levied at 4 per cent instead of 15 per cent on turnover of Rs. 9.14 lakhs.	1.56	On this being pointed out (December 1995) in audit, the department stated (January 1996) that the goods sold were correctly taxed at 4 per cent in view of the determination order passed by the Commissioner of Sales Tax. The reply of the department is not tenable in view of the decision of the tribunal which becomes binding on the department.
5	1 April 1989 to 31 March 1990	Trailer Spares	Tax levied at 2 per cent instead of 12 per cent on turnover of Rs. 4.86 lakhs.	0.98	The department re-assessed the dealer raising additional demand of Rs. 0.98 lakh. The dealer has filed (January 1995) an appeal. The decision of appeal and report on recovery has not been received (October 1996).

Sr. No.	Period of assessment	Commodity sold	Reasons for short levy of tax	Under assessment including additional tax, interest and penalty (in lakhs of Rupees)	Remarks
Mumbai District—contd.					
6	1 April 1990 to 31 March 1991	Durries	Sales worth Rs. 23.43 lakhs were allowed as tax free instead of levying tax at 2 per cent.	0.90	The Department revised (March 1995) the assessment order raising additional demand of Rs. 0.90 lakh out of which Rs. 0.80 lakh were recovered (March 1995). Report on recovery of the balance amount has not been received (October 1996).
7	1 April 1989 to 31 March 1990	Toner	Tax levied at 4 per cent on turnover of Rs. 7.66 lakhs instead of at 12 per cent	0.76	The department revised (February 1995) assessment order raising additional demand of Rs. 0.76 lakh. The dealer has filed an appeal against the revision order after making part payment of Rs. 10,000.
8	1 April 1991 to 31 March 1992	Printed Ceramic Tiles	Tax levied at 10 per cent instead of 12 per cent on turnover of Rs. 13.54 lakhs	0.48	The department raised (June 1996) demand of Rs. 47,907. Report on recovery has not been received (October 1996).

Pune District

9	1 April 1989 to 31 March 1991	Ready to serve food	Sale of ready to serve food at Rs. 6.71 lakhs allowed as tax free instead of levying tax at the rate of 8 per cent	1.17	The department revised the assessment order raising additional demand of Rs. 1.17 lakhs. Further, the department stated (August 1996) that the dealer has preferred an appeal. Further report has not been received (October 1996). Nagpur District
---	-------------------------------	---------------------	--	------	--

Sr. No.	Period of assessment	Commodity sold	Reasons for short levy of tax	Under assessment including additional tax, interest and penalty (in lakhs of Rupees)	Remarks
Nagpur District					
10	1 April 1989 to 31 March 1990	Nut bolls	Tax levied at 2 per cent instead of 10 per cent.	1.19	On this being pointed out (February 1994) in audit, the department re-assessed (October 1994) the dealer and raised additional demand of Rs. 1.19 lakhs. Report on recovery has not been received (October 1996).
11	1 April 1983 to 26 June 1984	Fans	Tax levied at 10 per cent instead of 15 per cent on turnover of Rs. 8.71 lakhs.	0.49	On this being pointed out (January 1994) in audit, the department raised additional demand of Rs. 48,780. Report on recovery has not been received (October 1996).
Total				93.44	

The above cases were reported to Government between January 1996 and May 1996; their reply has not been received (October 1996).

2.5 Incorrect grant of set-off

- (a) Under the provisions of the Bombay Sales Tax Act, 1959 and the Rules made thereunder, a manufacturer who has paid taxes on the purchase of goods specified in Part II of Schedule 'C' to the Act and used them within the State in the manufacture of taxable goods for sale or export or in the packing of goods so manufactured, is allowed a set-off of taxes paid in excess of four per cent of purchase price. Where the purchase price is inclusive of taxes, the amount of set-off is worked out according to the prescribed formula.

In view of the amendment to the Act, with effect from 1 April 1988, where the manufacture results in production of taxable goods as well as goods other than taxable goods, then such set-off on raw material shall be apportioned between taxable goods and goods other than taxable goods on the basis of the sale prices of such manufactured goods and shall be allowed only to the extent it pertains to taxable goods manufactured.

When the manufactured goods are transferred outside the State otherwise than by way of sale, set-off on raw material including packing material is allowed in excess of six per cent instead of four per cent.

Further, interest is leviable as per provisions of the Act.

It was noticed in audit (between August 1992 and October 1995) that in assessing (between July 1991 and March 1995) 10 dealers in different districts, excess set-off was allowed owing to various errors resulting in under-assessment of Rs.9.44 lakhs as detailed below :

Sr. No.	Goods manufactured/traded	Assessment period	Nature of irregularity	Under assessment including additional tax/interest/penalty etc. (In lakhs of rupees)	Remarks
Mumbai District					
1	Hair Oil, Soaps, Glycerine etc.	1 April 1990 to 31 March 1991	Incorrect allowance of set-off on tax free goods	3.06	The department stated (April 1996) that full set-off on furnace oil was correctly allowed in view of various Tribunal Judgements. Reply of the department is not acceptable in view of the amendment of rule 41-D of the Bombay Sales Tax Rules, 1959 with effect from 1 April 1988.
2	Iron and steel wire rods, bars castings, EOT cranes etc.	1 April 1991 to 31 March 1992	Excess set-off allowed due to incorrect computation of ratio of branch transfer and total sales	0.88	The department stated (April 1996) that dealer has filed an appeal against the assessment order and appellate authority has been asked to consider the audit observation while deciding the appeal. Further report has not been received (October 1996)
3	Engineering goods and fire extinguishers	1 April 1991 to 31 March 1992	Excess set-off allowed due on incorrect computation	0.65	The department rectified (April 1996) the assessment raising additional demand of Rs.0.65 lakh Report on recovery has not been received (October 1996).

Sr. No.	Goods manufactured/traded	Assessment period	Nature of irregularity	Under assessment including additional tax/interest/penalty etc. (In lakhs of Rupees)	Remarks
Mumbai District—contd.					
4	Corrugated machines	1 April 1990 to 31 March 1992	Excess set-off allowed due to incorrect computation	0.61	The department raised (June 1996) additional demand of Rs. 60,548. Report on recovery has not been received (October 1996).
5	Packing machines and its spare parts	1 April 1991 to 31 March 1992	Incorrect set-off allowed on the goods which were not used in manufacture but were resold in the course of inter-State trade or commerce.	0.57	The department rectified (May 1996) the mistake by raising demand of Rs. 57,138. Report on recovery has not been received (October 1996).
6	Ready to serve food	1 April 1989 to 31 March 1990	Set-off incorrectly allowed on purchases of tinned food and ice cream i.e. finished goods. Besides, sales of empty bottles was allowed at 4 per cent instead of 10 per cent.	0.56	The department reassessed the dealer (March 1995) raising additional demand of Rs. 53,565 (considering refund of Rs. 2,540 as per original order). The dealer paid Rs. 24,038 and preferred an appeal against re-assessment order. Further report has not been received (October 1996).

Pune District-

7	Printing off set aluminium plates and lithographic chemicals	1 April 1990 to 31 March 1991	Excess set-off due to non-consideration of Branch transfer outside the State.	0.55	The department reassessed (December 1995) the dealer raising additional demand of Rs. 0.55 lakh. It was further stated (August 1996) by the department that dealer has been granted stay by appellate authority.
---	--	-------------------------------	---	------	--

Sr. No.	Goods manufactured/traded	Assessment period	Nature of irregularity	Under assessment including additional tax/interest/penalty etc. (In lakhs of Rupees)	Remarks
Satara District					
8	Cane cutting knives and fabricated items	16 August 1988 to 31 March 1991	Set-off incorrectly allowed on 'B' Schedule goods	1.41	The department revised (June, October and December 1995) the assessment orders raising additional demand of Rs. 1.41 lakhs. Report on recovery has not been received (October 1996).
9	Cement pipes, gobar gas plants etc.	1 April 1989 to 31 March 1991	Set-off incorrectly allowed on tax free goods	0.58	The department revised (September 1995) the assessment order raising additional demand of Rs. 0.58 lakh. Report on recovery has not been received (October 1996).
Aurangabad District					
10	Plastic goods.	23 October 1987 to 31 March 1990.	Set-off incorrectly allowed on tax free goods	0.57	The department raised additional demand of Rs. 0.57 lakh (January 1994). The dealer paid Rs. 16,000 (October 1994 and May 1995). Report on recovery of the balance amount has not been received (October 1996).
Total				9.44	

The above cases were reported to Government between January 1996 and May 1996; their reply has not been received (October 1996).

- (b) Under the provisions of the Bombay Sales Tax Act, 1959 and the Rules made thereunder, a registered dealer is entitled with effect from 1 September 1990, to full set-off of purchase tax levied under Section 13 AA on purchase of goods covered by Part I of Schedule 'C', which are (i) used by him in the manufacture of taxable goods for sale within the State or in packing of goods so manufactured or (ii) are transferred within a period of six months from the date of purchase to his agents outside the State for sale or use in manufacture of goods for sale. If the manufactured goods include goods other than the taxable goods, the set-off is admissible proportionately in respect of taxable goods.

Further a registered dealer is entitled to set-off of taxes paid or deemed to have been paid on the purchases made from other registered dealers provided the goods are resold, within nine months from the date of their purchase in the same form in which they were purchased, either in the course of export or in the course of inter-state trade or commerce or the goods are despatched outside the state with the intention of reselling the goods or for using them in manufacture of taxable goods.

Further, interest at prescribed rate is leviable under the provisions of the Act.

It was noticed in audit that in assessing 6 dealers in different districts, excess set-off was allowed owing to various errors resulting in under-assessment of Rs.6.08 lakhs as detailed below:

Sr. No.	Goods manufactured/ resold	Assessment period	Nature of irregularity	Under assessment including additional tax/interest/ penalty etc. (In lakhs of Rupees)	Remarks
Mumbai District					
1	Manufacturer of decorative lamination sheets	1 April 1991 to 31 March 1992	Set-off was allowed considering the proportion of taxable sales and non-taxable sales as 88.77 : 11.23 instead of correct proportion of 48.38 : 51.62	2.07	The department while accepting (December 1995) the mistake stated that the dealer is in appeal and appellate authority is directed to consider the audit observation.
2	Reseller of hoisery goods	1 June 1987 to 31 May 1988	Set-off was incorrectly allowed on the purchases effected against Form N-14	1.08	The department stated (October 1995) that the dealer was re-assessed (March 1994) raising additional demand of Rs.1.20 lakhs. The dealer after paying Rs. 12,000 preferred an appeal (August 1994)
3	Manufacture of pencils, ballpens and ballpen refills	1 April 1991 to 31 March 1992	Set-off was incorrectly allowed on the purchases used in manufacture at goods exempted from payment of tax.	0.86	The department stated (January 1996) that set-off was allowed correctly as the goods were taxable but exempted by notification. Reply is not tenable in view of the conditions laid down in the notification

Sr. No.	Goods manufactured/traded	Assessment period	Nature of irregularity	Under assessment including additional tax/interest/penalty etc. (In lakhs of Rupees)	Remarks
Mumbai District—contd.					
4	Reseller of diamonds	1 April 1991 to 31 March 1992	Set-off of purchase tax levied on the purchase of import licence was incorrectly allowed.	0.70	The department stated (January 1996) that the matter is pending with appellate authority.
5	Reseller of electrical goods and pump sets etc.	1 April 1990 to 31 March 1991.	Set-off was allowed on the purchases of electronic capacitors treating the tax paid at 10 per cent instead of 4 per cent.	0.67	The department re-assessed (August 1996) the dealer raising demand of Rs. 66,581. The dealer after paying Rs. 5,000 preferred an appeal (October 1995).
Pune District					
6	Manufacturer of printing off-set aluminium plates and lithographic chemicals	1 April 1991 to 31 March 1992	Set-off was allowed considering the proportion of taxable sales and non-taxable sales as 48:52 instead of correct proportion of 41:59.	0.70	The department re-assessed (December 1995) the dealer raising additional demand of Rs. 70,121. It was further stated (May 1996) that the dealer has filed an appeal.
Total				6.08	

The above cases were reported to Government between January 1996 and May 1996; their reply has not been received (October 1996).

2.6 Short levy of tax

- (a) Under the provisions of the Bombay Sales Tax Act, 1959 and the Rules made thereunder, turnover of sales and purchases and the extent of tax liability thereon is determined by the Assessing Officer with reference to the returns furnished by the dealer and on verification of books of accounts maintained by him. Rate of tax leviable on any commodity is determined with reference to the relevant entry in the Schedule to the Act. Turnover tax, additional tax and interest are leviable as per the provisions of the Act.

If the Commissioner is satisfied that the returns furnished by a registered dealer in respect of any period are correct and complete, he shall assess the amount of tax due from the dealer on the basis of such returns.

It was noticed in audit that while assessing 6 dealers, tax was levied short to the extent of Rs.26.47 lakhs as detailed below :

Sr. No.	Nature of business of the dealer	Assessment period	Nature of irregularity	Under assessment including additional tax and interest (In lakhs of Rupees)	Remarks
Nasik District					
1	Manufacturing sugar, spirit, foreign liquor, country liquor and calcium lactate	1 April 1991 to 31 March 1992	Sales of spirit worth Rs. 1.42 crores were incorrectly taxed at concessional rate of 6 per cent on the basis of form CN eventhough these were not permitted to be sold on declaration in Form CN	20.13	The department initiated (December 1995) action to levy tax. Further report has not been received (October 1996).
2	Manufacture of integrated shaft bearings	1 April 1991 to 31 March 1992	Sales of exim scrips were not subjected to tax	0.72	The department directed the assessing authority (April 1996) to verify the point. Further report has not been received (October 1996).
Mumbai District					
3	Manufacture of fiber glass wool, fiber glass reinforcements etc.	1 April 1991 to 31 March 1992	Sales of exim scrips (covered by entry 36 part I of Schedule 'C') were not subjected to tax. Besides, excess credit of Rs. 80,000 was also allowed.	2.19	The department stated (April 1996) that the dealer has filed an appeal and audit observation has been referred to the appellate authority. Further report has not been received (October 1996).
4	Catering business	1 April 1992 to 31 March 1993	Sales were subjected to concessional rate of tax instead of rate specified in Schedule to the Act	1.62	The department re-assessed the dealer raising additional demand of Rs. 1.62 lakhs. Report on recovery has not been received (October 1996).

Sr. No.	Nature of business of the dealer	Assessment period	Nature of irregularity	Under assessment including additional tax and interest (In lakhs of rupees)	Remarks
Mumbai District—contd.					
5	Manufacture of audio, video and video cassettes	1 April 1991 to 31 March 1992	Under assessment of tax owing to incorrect credit of taxes paid at Rs. 3.34 lakhs instead of at Rs. 2.84 lakhs	0.86	The department stated (February 1996) that the dealer has filed an appeal against the assessment order and appellate authority has been asked to consider the audit observation also while deciding the appeal.

Pune District

6	Importer cum reseller of pump-sets and electronic motors	1 April 1990 to 31 March 1991	Sales of Rs. 12.60 lakhs effected against declaration in Form N-14-I though liable to be taxed at reduced rate of 4 per cent were incorrectly allowed as exempt.	0.95	The department reassessed (December 1995) the dealer raising demand of Rs. 95,472. Department further stated (August 1996) that stay has been granted to dealer by the appellate authority.
---	--	-------------------------------	--	------	---

Total	26.47
-------	-------

The above cases were reported to the Government (between April 1996 and May 1996); their reply has not been received (October 1996).

2.7 Short levy of turnover tax/additional tax

Under the provisions of the Bombay Sales Tax Act, 1959, with effect from 13 July 1986, every dealer liable to pay tax under the Act and whose turnover either of all sales or of all purchases exceeds Rs.12 lakhs in any year, shall pay turnover tax at the rate of one and a quarter per cent of taxable turnover of sales of goods specified in Schedule 'C' to the Act, after allowing permissible deductions from the turnover of sales.

By an amendment with effect from 17 March 1988, turnover tax is also leviable on turnover of sales effected against declaration issued under Section 12 of the Act. Further, a dealer whose turnover either of all sales or of all purchases exceeds Rs.10 lakhs in any year is liable to pay additional tax at the rate of 12 per cent of the tax payable by him for that year.

Further, interest is leviable as per the provisions of the Act.

It was noticed (between October 1993 and December 1995) that in respect of 4 dealers in three districts, though the gross turnover exceeded the prescribed limit for levy of turnover tax/additional tax, these were not levied in the assessments.

This resulted in under-assessment of Rs.8.13 lakhs as detailed below :

Sr. No.	Period of assessment	Nature of irregularity	Under assessment including interest (In lakhs of rupees)	Remarks
Thane District				
1	1 April 1991 to 31 March 1992	Turnover tax and additional tax was not levied on the taxable sales of Rs. 1.11 crores. Besides, purchase tax and additional tax was not levied on the purchases of goods covered by Part I of Schedule "C" to the Act.	5.18	The department re-assessed (March 1996) the dealer and raised additional demand of Rs. 5.18 lakhs. The dealer has preferred an appeal against the re-assessment order.
2	1 April 1990 to 31 March 1992	Turnover tax on sales against Form N-14 at Rs. 18.61 lakhs was not levied though leviable. Besides, purchase tax and consequential additional tax not levied on purchase of goods covered by Part I of Schedule C of the Act.	0.60	The department re-assessed (November 1995) the dealer and raised additional demand of Rs. 0.60 lakh. However the dealer had preferred an appeal.
Wardha District				
3	1 July 1987 to 31 March 1989	Additional tax was levied at Rs. 3.88 lakhs instead of Rs. 4.73 lakhs.	1.47	The department rectified (October 1995) the mistake and raised additional demand of Rs. 1.47 lakhs including interest of Rs. 61,442. Report on recovery has not been received (October 1996).
Mumbai District				
4	1 April 1990 to 31 March 1991	Turnover tax levied at Rs. 9,709 instead of Rs. 97,209	0.88	The department rectified (March 1996) the mistake by raising demand of Rs. 87,500. As the dealer is holding entitlement certificate for deferral of tax the amount is recoverable on or after 1 April 2003.
Total			8.13	

The above cases were reported to Government between December 1993 and May 1996, their reply has not been received (October 1996).

2.8 Non-levy/short levy of purchase tax

- (a) Under the provisions of the Bombay Sales Tax Act, 1959 and the Rules made thereunder, with effect from 1 September 1990, where a dealer purchases any goods specified in Part I of Schedule 'C' directly or through a commission agent, from a person or Government who or which is or is not a registered dealer, there shall be levied in addition to the sales tax or purchase tax paid or payable, if any, a purchase tax at the rate of two paise in the rupee on the turnover of such purchases unless the goods so purchased are resold by the dealer. When the goods so purchased are used in manufacture of taxable goods for sale or are transferred within a period of six months to agents outside the State, the dealer is allowed full set-off of purchase tax so levied. Further, additional tax and interest is leviable as per the provisions of the Act.

It was noticed in audit (between August 1994 and June 1995) that while assessing (between April 1993 and July 1994) 6 dealers in three districts, purchase tax and consequential additional tax though leviable was not levied on purchases of goods covered by Part I of Schedule 'C' of the Act. This resulted in under-assessment of Rs.8.83 lakhs as detailed below :

Sr. No.	Period of assessment	Commodity purchased	Nature of irregularity	Under assessment including purchase tax, additional tax and interest after adjustment of set-off when admissible (In lakhs of rupees)	Remarks
Pune District					
1	1 April 1990 to 31 March 1991	Gold and Silver (4 dealers)	Purchase tax and consequential additional tax though leviable was not levied on the purchases worth Rs. 4.44 crores in respect of three dealers and in remaining case, purchase tax and consequential additional tax levied at 1 per cent instead of 2 per cent on the purchases from registered dealer at Rs. 54.88 lakhs and non levy of the same on U.R.D. purchases of Rs. 2.56 crores.	5.40	The department re-assessed (February 1996) one of the three dealers raising additional demand of Rs. 1.43 lakhs and the dealer has filed an appeal against the order. Compliance regarding remaining two dealers has not been received (October 1996). In fourth case, the department passed (November 1995) revision order raising additional demand of Rs. 1.83 lakhs. The dealer has preferred an appeal.

Period of assessment	Commodity purchased	Nature of irregularity	Under assessment including purchase tax, additional tax and interest after adjustment of set-off when admissible (In lakhs of Rupees)	Remarks
Pune District—contd.				
Ratnagiri District				
2 1 April 1991 to 31 March 1992	Import licences	Purchase tax and consequential additional tax though leviable was not levied on purchase of Rs. 97.16 lakhs.	2.92	Further development in appeal has not been received (October 1996). The department revised (November 1995) the assessment order raising additional demand of Rs. 2.92 lakhs. Report on recovery has not been received (October 1996).
Thane District				
3 1 April 1990 to 31 March 1991	Copper and aluminium	Purchase tax and consequential additional tax was not levied on purchases of Rs. 72.67 lakhs.	0.51	This was pointed out in audit to the department in February 1995, their final reply has not been received (October 1996).
Total			8.83	

The above cases were reported to Government between January 1996 and May 1996; their reply has not been received (October 1996).

- (b) Under the provisions of the Bombay Sales Tax Act, 1959 and the Rules made thereunder, a manufacturer holding recognition can purchase goods specified in Part II of Schedule 'C' to the Act without payment of sales tax by furnishing a declaration in Form N-15 to the selling dealer that the goods purchased will be used within the State in the manufacture of taxable goods for sale or in packing of goods so manufactured. The purchaser is, however, liable to pay purchase tax at a concessional rate of 4 per cent.

If the goods purchased are used in the manufacture of goods or packing of goods so manufactured, which are not taxable or when the conditions, recitals and undertakings of such declarations are not complied with, purchase tax for contraventions of recitals of declarations is leviable at the rates specified in the Schedule to the Act. Further, if the manufactured goods are transferred to branches outside the State otherwise than by way of sale, the dealer is liable to pay purchase tax at the rate of 6 per cent of the purchase price of goods used in manufacture of goods transferred to branches. The dealer is, however, entitled to set-off of taxes paid on purchases at concessional rate of 4 per cent.

A dealer of Chandrapur effected purchases of goods during the period from 1 April 1989 to 31 March 1990 for use within the State in the manufacture of taxable goods for sale or in the packing of goods so manufactured. However, part of these purchases were used in the manufacture of goods which were exempted from payment of tax. This being in contravention of the recitals of declaration, purchase tax though leviable at specified rate was not levied in the assessment. This resulted in under-assessment of Rs. 3.43 lakhs including additional tax and excess allowance of set-off.

On this being pointed out (October 1993) in audit, the department raised (December 1995) additional demand of Rs. 5.94 lakhs including interest of Rs. 2.51 lakhs. Report on recovery has not been received (October 1996).

The matter was reported to Government in August 1994; their reply has not been received (October 1996).

2.9 Incorrect determination of taxable turnover

Under the Bombay Sales Tax Act, 1959, the gross turnover of a dealer is determined either on the basis of sales shown in the returns by him or on the basis of further evidence which the Commissioner of Sales Tax may direct to be produced or cause to be produced. Sales Tax is leviable at the rates specified in the Schedule to the Act on the net taxable sales determined after deducting from the gross turnover the resales of goods purchased by the dealer from other registered dealers provided the goods are resold in the same form in which they were purchased.

Further, additional tax, turnover tax, interest and penalty are leviable as per provisions of the Act.

Under the provisions of the Central Sales Tax Act, 1956, tax on sales in the course of inter-State trade or commerce not supported by valid declarations in Form C or D is leviable at twice the rate of tax applicable to the sale inside the State in respect of declared goods and in respect of goods other than declared goods, tax is leviable at 10 per cent or at the rate of tax applicable to the sale or purchase of such goods inside the State whichever is higher.

Tax on sale of REP licence in the course of inter-State trade or commerce not supported by valid declarations in Form C or D is leviable at 10 per cent.

It was noticed in audit (between January 1991 and March 1995) that in assessing (between September 1989 and March 1994) 7 dealers at Mumbai and Pune, taxable turnover of sales was determined short either due to allowance of incorrect deductions, exhibition of excess resale or due to incorrect computation of turnover of sales. This resulted in under-assessment of Rs. 9.99 lakhs as detailed below :

Sr. No.	Period of assessment	Nature of irregularity	Turn-over determined short	Under assessment (including additional tax, turnover tax, interest and penalty)	Remarks
(In lakhs of Rupees)					
Mumbai District					
1	1 April 1990 to 31 March 1991	Sale of REP licence at Rs. 16.81 lakhs was not considered for assessment under Central Sales Tax Act.	16.81	3.46	The Department re-assessed (May 1995) the dealer raising additional demand of Rs. 3.46 lakhs. The department further intimated that the dealer had filed an appeal.
2	1 July 1985 to 30 June 1986	Taxable turnover of sales was determined at Rs. 3.25 crores instead of Rs. 3.47 crores due to excess allowance of resale.	21.80	2.44	The department revised (August 1995) the order raising demand of Rs. 2.44 lakhs. The dealer preferred an appeal against revision order. Further report has not been received (October 1996).
3	1 April 1988 to 31 March 1989	Taxable turnover of sales was determined short due to incorrect allowance of resales at Rs. 14.57 lakhs instead of at Rs. 7.09 lakhs.	7.48	1.48	The department stated (December 1995) that the assessment order was revised (February 1993) raising additional demand of Rs. 1.48 lakhs. The dealer has filed an appeal against the revision order after making part payment of Rs. 25,000 (August 1993).
4	1 July 1987 to 31 March 1989	Taxable turnover was determined at Rs. 24.70 lakhs instead of Rs. 27.17 lakhs due to excess deduction of tax collected as Rs. 2.47 lakhs.	2.47	0.57	The department revised (September 1995) the assessment raising additional demand of Rs. 56,795. Report on recovery has not been received (October 1996).

Sr. No.	Period of assessment	Nature of irregularity	Turn-over determined short	Under assessment (including additional tax, turnover tax, interest and penalty)	Remarks
(In lakhs of Rupees)					
Mumbai District—contd.					
5	1 January 1987 to 31 December 1987	The taxable turn-over of sales was determined at Rs. 10.24 lakhs instead of Rs. 14.59 lakhs due to excess allowances of goods returned claims.	4.35	0.50	The department stated (July 1995) that the assessment was revised (December 1994) raising demand of Rs. 50,400. Report on recovery has not been received (October 1996).
Pune District					
6	1 April 1989 to 31 March 1991	Deductions of Rs. 11.73 lakhs and Rs. 8.72 lakhs on account of Octroi and Transport charges were incorrectly allowed.	20.45	0.87	The department stated (April 1996) that the dealer has preferred an appeal against the original order and the audit objection communicated to the appellate authority. Further report has not been received (October 1996).
7	1 April 1989 to 31 March 1991	Deductions of Rs. 2.06 lakhs and Rs. 0.95 lakh on account of octroi and transport charges were incorrectly allowed from taxable turnover of sales	3.01	0.67	The department initiated (October 1995) action under section 57 for revision of assessments. Further report has not been received (October 1996).
Total				9.99	

The above cases were reported to Government between January 1996 and May 1996; their reply has not been received (October 1996).

2.10 Loss of revenue due to remedial action being time barred

Under the provisions of the Bombay Sales Tax Act, 1959, the gross turnover of a dealer is determined on the basis of sales shown in the returns by him or if the Commissioner is not satisfied that returns furnished by the dealer are correct and complete, he may direct production of further evidence such as production of books of accounts. In case, no order of assessment is made within three years from the date prescribed for filing the last return of the year, then returns so filed shall be deemed to be accepted as correct and complete for assessing the tax due from such a dealer.

In Nashik, the returns filed by a manufacturer of sugar, confectionery and machinery for the period 1 October 1988 to 31 March 1990, within the prescribed time, were accepted as correct and complete as the assessment order could not be passed within three years. A scrutiny of the returns by audit (May 1995) revealed that the dealer was liable to pay purchase tax of Rs. 9.40 lakhs on purchases of raw material which was not paid alongwith returns. This resulted in loss of Rs. 16.17 lakhs (including interest of Rs. 6.77 lakhs).

On this being pointed out (May 1995) in audit, the department replied (April 1996) that no remedial action was possible as the case had become time-barred resulting in loss of revenue.

The matter was reported to Government in May 1996; their reply has not been received (October 1996).

2.11 Incorrect allowance of sales against declaration

Under the provisions of the Bombay Sales Tax Act, 1959 and the Rules made thereunder, a manufacturer holding a recognition certificate can purchase goods specified in Part II of Schedule 'C' to the Act without payment of sales tax by furnishing a declaration in Form N-15 for use in manufacture of taxable goods or packing of such goods manufactured. The purchaser is, however, liable to pay purchase tax at a concessional rate of 4 per cent.

Besides, additional tax and interest are also leviable under the provisions of the Act.

In Mumbai, in the assessment (March 1995) of an importer-cum-reseller of non-ferrous metals (covered by Part I of Schedule C) for the period 1 April 1991 to 31 March 1992, the assessing authority erroneously allowed sales of non-ferrous metal worth Rs. 7.10 lakhs on Form N-15 during the above period. Since goods covered under Part II of Schedule 'C' only are eligible for sales on Form N-15, the sale of non-ferrous metal on Form N-15 was not in order. This resulted in under-assessment of Rs. 54,709 (including additional tax of Rs. 3,408 and interest of Rs. 22,901).

On this being pointed out (May 1995) in audit, the department raised (June 1996) additional demand of Rs. 54,709. Report on recovery has not been received (October 1996).

The matter was reported to Government in May 1996; their reply has not been received (October 1996).

2.12 Non-levy of sales tax on transfer of property in goods involved in execution of Works Contract

Under the provisions of the Maharashtra Sales Tax on the transfer of property in goods involved in the execution of Works Contract (Re-enacted) Act, 1989 and the Rules made thereunder, there shall be levied a tax on the turnover of sales involving transfer of property in goods in the execution of the works contract commenced or continued for execution on or after 1 October 1986.

All the provisions relating to interest, offences and penalties of the Bombay Sales Tax Act, 1959, shall, mutatis mutandis, apply in relation to assessment and re-assessment of tax.

It was noticed in audit (between September 1994 and November 1995) that while assessing (between January 1994 and March 1995) 3 dealers in Mumbai and Thane districts, there was under-assessment of tax to the extent of Rs. 5.55 lakhs as detailed below :

Sr. No.	Period of assessment	Nature of irregularity	Under assessment (In lakhs of rupees)	Remarks
Mumbai District				
1	1 April 1989 to 31 March 1990.	Receipt of Rs. 5.20 lakhs on account of works contract escaped assessment.	2.61	On this being pointed out (September 1994) in audit, the department assessed (September 1994) the dealer raising additional demand of Rs. 2.61 lakhs including interest of Rs. 1.31 lakhs. The dealer has preferred an appeal against the assessment order after part payment of Rs. 53,000.
2	1 April 1991 to 31 March 1992.	Sale of timber, plywood and sunmica used in works contract worth Rs. 3.0 lakhs was erroneously taxed at 16 per cent instead of 32 per cent.	0.85	On this being pointed out (October 1995) in audit, the department while accepting the mistake stated (April 1996) that the dealer has filed an appeal against the original order. Further developments in appeal have not been received (October 1996).
Thane District				
3	1 April 1991 to 31 March 1992	Sale of bodies on chasis in works contracts at Rs. 22.51 lakhs were taxed at Rs. 1.08 lakhs instead of Rs. 2.18 lakhs due to application of incorrect rate of tax	2.09	On this being pointed out (July 1995) in audit, the department re-assessed (March 1996) the dealer raising additional demand of Rs. 2.09 lakhs (including interest of Rs. 96,991 and penalty of Rs. 2,000). The dealer has preferred an appeal against the re-assessment order.

5.55

The above cases were reported to Government between April and May 1996; their reply has not been received (October 1996).

2.13 Non-levy of sales tax on transfer of right to use any goods for any purpose

Under the provisions of the Maharashtra Sales Tax on Transfer of Right to Use Any Goods for Any Purpose Act, 1985 and the Rules made thereunder, there shall be levied with effect from 1 October 1986, a tax on the turnover of sales in respect of the transfer of right to use goods specified in the Schedule, at such rate not exceeding fifteen paise in the rupee, as the State Government may by notification in the official gazette specify from time to time. By notification dated 19 September 1986, Government specified the rate of tax at four paise in the rupee on transfer of right to use plant and machinery.

The Act also provides that every dealer whose turnover of sales during any year, commencing from 1 April of that year exceeds Rs. 50,000 shall be liable to pay tax until such liability ceases and every dealer liable to pay tax shall apply for a registration certificate under the Act.

All the provisions relating to interest, offences and penalties of the Bombay Sales Tax Act shall, *mutatis mutandis*, apply in relation to assessment, re-assessment and revision of tax.

In Mumbai, an assessee, engaged in business of execution of contracts of drilling of wells, received hire charges of Rs. 95.43 lakhs during the period 1 October 1986 to 31 May 1987. These were allowed as deduction in the assessment (February 1991) under the Bombay Sales Tax Act, 1959. As the dealer was not registered under the Maharashtra Sales Tax on Transfer of Right to Use Any Goods for Any Purpose Act, 1985, the tax of Rs. 7.19 lakhs including interest and penalty of Rs. 3.37 lakhs on the receipts of Rs. 95.43 lakhs was not realised. No action was taken by the department to assess the dealer as unregistered dealer and bring him in the net of taxation.

On this being pointed out (January 1992) in audit, the department assessed (July 1995) the dealer by raising demand of Rs. 7.19 lakhs. The dealer had paid Rs. 50,000 and filed an appeal. Further report has not been received (October 1996).

The matter was reported to Government in January 1996; their reply has not been received (October 1996).

2.14 Non-levy of penalty under the Central Sales Tax Act

Under the provisions of the Central Sales Tax Act, 1956 and the Rules made thereunder, every registered dealer is entitled to purchase goods included in his certificate of registration in the course of inter-State trade or commerce by paying tax at concessional rate of 4 per cent provided he furnishes a declaration in Form 'C' to the selling dealer. Failure to make use of goods so purchased for the purpose specified in the declaration entails simple imprisonment upto six months or fine or both. However, the authority empowered to grant registration may impose upon him by way of penalty in lieu of prosecution a sum not exceeding one and half times the tax which would have been paid under the Act, if such purchases were made without furnishing declaration in Form 'C'. On inter-State sales/purchases of wood/timber, electrical goods, cement, hardware/tools etc., Central Sales Tax is leviable at 10 per cent where sales/purchases are not supported by declaration in Form 'C'. On similar purchase of iron and steel, rate of Central Sales Tax is 8 per cent.

In Mumbai, a registered dealer running an Amusement Park, purchased during the period from 1 April 1988 to 31 March 1989, goods worth Rs. 59.19 lakhs against declaration

in Form 'C' and used them in maintenance of the Park. This resulted in contravention of recitals of declaration in Form 'C' for which penalty of Rs. 5.67 lakhs was leviable but was not levied in the assessment (December 1991).

On this being pointed out (March 1993) in audit, the department raised (September 1995) demand of Rs. 5.67 lakhs. On an appeal filed by the dealer, the appellate authority reduced (July 1996) the penalty to Rs. 2.81 lakhs of which Rs. 1.15 lakhs was recovered (May 1996) from the dealer. Further report on recovery has not been received (October 1996).

The matter was reported to Government in January 1996; their reply has not been received (October 1996).

2.15 Non-levy of interest

Under the provisions of the Bombay Sales Tax Act, 1959, if any tax is found due from any dealer in respect of any period as a result of an order of assessment, he is liable to pay by way of simple interest, a sum equal to 2 per cent of such tax for each month or part thereof from first date after the end of the period for which the dealer has been assessed, till the date of order of assessment. The provisions are also applicable to the Maharashtra Sales Tax on the Transfer of Property involved in execution of Works Contract (Re-enacted) Act, 1989.

In Mumbai, while assessing (March 1993) a building contractor, for the period 1 October 1986 to 31 March 1988, under the Maharashtra Sales Tax on the Transfer of Property involved in execution of Works Contract Act the assessment resulted in additional tax dues of Rs. 2.26 lakhs, which were levied but the interest amounting to Rs. 2.72 lakhs was not levied.

On this being pointed out (January 1995) in audit, the department raised (March 1995) the demand for Rs. 2.72 lakhs. The report on recovery has not been received (October 1996).

The matter was reported to Government in January 1996; their reply has not been received (October 1996).

CHAPTER 3

STATE EXCISE

3.1 Results of audit

Test check of records relating to State Excise conducted during the year 1995-96 revealed short levy of excise duty, licence fee etc. amounting to Rs. 158.70 lakhs in 723 cases, which broadly fall under the following categories :

	Number of cases	Amount (In lakhs of rupees)
Non-levy/short levy of excise duty	43	63.28
Short recovery of licence fee/privilege fee	449	64.37
Non-recovery/short recovery of supervision charges/bonus	170	9.09
Other irregularities	61	21.96
Total	723	158.70

During the course of the year 1995-96, the department accepted under-assessment etc. in 423 cases involving Rs. 56.35 lakhs, of which 122 cases involving Rs. 20.94 lakhs had been pointed out in audit during 1995-96 and the rest in earlier years and recovered Rs. 15.81 lakhs. A few illustrative cases noticed during 1995-96 and in earlier years involving Rs. 1.55 lakhs are given in the following paragraphs.

3.2 Short recovery of licence fee

The Government of Maharashtra, Home Department vide their notification dated 16 March 1993 revised the licence fee for the year 1993-94 for various licences issued under the Act such as licence in the form Foreign Liquor I, II, III, Country Liquor I, II, III, Potable Liquor and Form E (Beer Bar). The Government while granting stay (March 1993) for recovery of licence fee at revised rates, directed to recover licence fee at old rates, in respect of renewal of all the licences except Country Liquor I and Potable Liquor licences. The stay was vacated with effect from 8 February 1994 whereby licence fee at revised rates became recoverable. The Commissioner of State Excise clarified (February 1994) that the difference in licence fee payable should be recovered before 31 December 1994 from licensees applying for renewal of licences for the year 1994-95 and before 31 March 1994 in respect of licences surrendered/not renewed.

It was noticed during audit (between December 1994 and November 1995) that in respect of 7 licences granted during the year 1993-94, licence fee amounting to Rs. 1.55 lakhs was recovered short as detailed below :

Sr. No.	District	Nature of licence	No. of licensees	Licence fee recovered short (In lakhs of rupees)	Remarks
1	Aurangabad	FL-III (1993-94)	3	0.60	The department recovered (October 1995) Rs. 15,000 from one licensee. Report on recovery of the balance amount has not been received (October 1996).
2	Satara	CL-II (1993-94)	1	0.50	The department initiated recovery proceedings by issuing the Revenue Recovery Certificate. Further report has not been received (October 1996).
3	Sindhudurg	FL-III (1993-94)	3	0.45	The department recovered (August 1995) Rs. 25,000 from 2 licensees. Report on recovery of the balance amount has not been received (October 1996).
TOTAL			7	<u>1.55</u>	

These cases were reported to Government between January 1996 and April 1996; their reply has not been received (October 1996).

CHAPTER 4

LAND REVENUE

4.1 Results of Audit

Test check of records of land revenue conducted during the year 1995-96 revealed under-assessment/short levy/non-levy of tax/ loss of revenue etc. amounting to Rs. 2243.40 lakhs in 638 cases which broadly fall under the following categories:

	No. of cases	Amount (In lakhs of rupees)
Non-levy/short levy of non-agricultural assessment/conversion tax/incorrect revision	544	1415.25
Non-levy/short levy/incorrect levy of increase of land revenue	48	22.15
Non-levy/short levy of education cess etc. ...	03	0.12
Non-levy/short levy of occupancy price etc. ...	34	804.20
Short levy of measurement/compensation/application transfer fee etc.	09	1.68
Total ...	638	2243.40

During the course of the year 1995-96, the concerned departments accepted under-assessment of Rs. 83.12 lakhs involved in 149 cases, of which 41 cases involving Rs. 6.20 lakhs had been pointed out in audit during 1995-96 and the rest in earlier years. An amount of Rs. 46.23 lakhs was recovered at the instance of audit.

A few illustrative cases noticed during 1995-96 and earlier years involving Rs. 40.21 lakhs highlighting important audit observations are mentioned in the following paragraphs.

4.2 Non-levy/short levy of non-agricultural assessment, increase of land revenue and conversion tax

Under the Maharashtra Land Revenue Code, 1966, land revenue is assessed with reference to the use of land such as agricultural, residential, industrial or any other purpose. Further, under the Maharashtra Increase of Land Revenue and Special Assessment Act, 1974, with effect from 1 August 1975, Increase of Land Revenue (ILR) is also payable at 50 per cent of land revenue by persons holding land of 8 hectares and above but less than 12 hectares and at 100 per cent by persons holding land of 12 hectares and above. In cases where such lands are situated in the area of Municipal Corporations and Municipal councils (A and B classes only) or any peripheral area thereof, conversion tax equal to three times of the amount of non-agricultural assessment (N.A.A.) is also leviable when permission for non-agricultural use or change of use of land is granted or unauthorised non-agricultural use is regularised under the Maharashtra Land Revenue (Amendment) Act, 1979.

In six Tahsils/Districts, land admeasuring 3,85,708 square metres situated within the Municipal Coporation/Municipal Council limits was put to non-agricultural use, but non-agricultural assessment, increase of land revenue and conversion tax was either not levied or levied short. This resulted in non-realisation of revenue amounting to Rs. 32.03 lakhs (including increase of land revenue of Rs. 8.23 lakhs and conversion tax of Rs. 4.17 lakhs) as detailed below:

Name of Tahsil and District	Area of land (In square Metres)	purpose of use	Period of use	Non levy/short levy of			Total
				NAA	ILR	Conversion tax	
				(In lakhs of rupees)			
Borivli (Mumbai B.S.D.)	100175	Commercial	1979-80 to 1995-96	5.50	5.62	0.97	12.09
Gondia (Bhandara)	6300	Commercial	1993-94 to 1995-96	0.28	0.28	0.27	0.83
Tumsar (Bhandara)	25500	Commercial	1972-73 to 1992-93	0.48	0.42	0.05	0.95
Aurangabad (Aurangabad)	38168	Commercial	1979-80 to 1995-96	2.11		0.37	2.48
Kalyan (Thane)	191277	Residential and Commercial	1979-80 to 1994-95	10.29		2.51	12.80
Vaijapur (Aurangabad)	24288	Commercial	1978-79 to 1992-93	0.97	1.91		2.88
TOTAL	3,85,708			19.63	8.23	4.17	32.03

On this being pointed out (between June 1992 and September 1995) in audit, the department accepted the audit objections (between February 1993 and April 1996) and recovered Rs. 12.21 lakhs. Report on recovery of the balance amount has not been received (October 1996).

The cases were reported to Government between December 1992 and January 1996; their replies have not been received (October 1996).

4.3 Non-revision of non-agricultural assessments

- (a) Under the Maharashtra Land Revenue Code, 1966 the standard rates of non-agricultural assessment fixed on 1 August 1979, would remain in force for the guarantee period of twelve years i.e. up to 31 July 1991. Thereafter the rates would be revised and levied from 1 August 1991 for a guarantee period of five years periodically. Accordingly, by a notification issued in August 1995, the standard rates of non-agricultural assessment of Khuldabad tahsil were revised with retrospective effect from 1 August 1991.

In Khuldabad Tahsil, land admeasuring 1,02,294 square metres situated within the Municipal limits was put to commercial and industrial use between 1966-67 and 1985-86. The land was assessed to land revenue with a guarantee period up to 31 July 1991. But assessment of the aforesaid land was not revised on expiry of the original guarantee period i.e. 31 July 1991. This resulted in short realisation of non-agricultural assessment amounting to Rs. 3.98 lakhs for the revenue years between 1990-91 and 1995-96.

On this being pointed out (December 1995) in audit, the department accepted the omission (between February 1996 and March 1996) and raised the demand. Report on recovery has not been received (October 1996).

The matter was reported to Government in March 1996; their reply has not been received (October 1996).

- (b) In Tahsil Haveli (Pune District), land measuring 15,138 square metres situated outside the Municipal limit was put to industrial use with effect from 1 August 1971 and assessment was guaranteed upto 31 July 1986 i.e. for 15 years. However, non-agricultural assessment (for industrial use) was not revised after expiry of the guarantee period and the department continued to recover land revenue at old rates. This resulted in short realisation of non-agricultural assessment amounting to Rs. 1.16 lakhs (including cess of Rs. 0.31 lakh) for the years from 1986-87 to 1995-96.

On this being pointed out (October 1994) in audit, the department issued the revision order (November 1995) for the above amount and recovered (February 1996) Rs. 31,921. Report on recovery of the balance amount has not been received (October 1996).

The case was reported to the Government in July 1995; their reply has not been received (October 1996).

4.4 Non-levy of assessment on the Government Toka land

Under the provisions of Section 6 of the Bombay City Land Revenue Assessment Rules, 1989, the standard rates of assessment are fixed by the Collector in accordance with the provisions of Sub Section (2) of Section 262(b) of the Maharashtra Land Revenue Code, 1966, on the basis of the average market value of the land per square metre.

In Parel and Sewri divisions (Mumbai City), land admeasuring 26,826.92 square yards (22,439 square metres) held by three assessees, was assessed to non-agricultural purpose since 1960 and the assessment was fixed at Rs. 29,511 per annum. However, no demands were raised, which resulted in non-realisation of revenue amounting to Rs. 3.04 lakhs for the period from 1981-82 to 1995-96 in case of two assessees and from 1986-87 to 1995-96 in case of one assessee excluding the interest leviable on delayed payment of toka rent.

On this being pointed out (March 1992) in audit, the department accepted (January 1996) the audit observation and assessed the rent of all three parties involved and agreed to issue demands. Report on recovery has not been received (October 1996).

The matter was reported to Government in May 1992; their reply has not been received (October 1996).

CHAPTER 5

TAXES ON MOTOR VEHICLES

5.1 Results of audit

Test check of records relating to assessment and collection of Motor Vehicles Tax, Further Tax and Passengers Tax conducted in audit during the year 1995-96 revealed short levy of taxes amounting to Rs.54.95 lakhs in 1100 cases, which broadly fall under the following categories :

	Number of cases	Amount (In lakhs of rupees)
Non-levy or short levy of motor vehicles tax, further tax and passengers tax	934	41.58
Other irregularities	... 166	13.37
Total	... 1100	54.95

During the course of the year 1995-96, the department accepted under-assessment etc. in 345 cases involving Rs.16.68 lakhs, of which 95 cases involving Rs.2.34 lakhs had been pointed out during 1995-96 and the rest in earlier years and recovered Rs.11.98 lakhs. A few illustrative cases noticed during 1995-96 and in earlier years involving Rs.22.89 lakhs are given in the following paragraphs.

5.2 Non-recovery of tax

Under the Bombay Motor Vehicles Tax Act, 1958 and the Rules made thereunder, road tax at the prescribed rate is leviable on all vehicles used or kept for use in the State. In the case of goods vehicles, "Further Tax" (Goods Tax) was also leviable upto August 1991 in addition to road tax. Interest at the rate of 2 per cent of the amount of tax for each month or part thereof is payable in case the tax due is not paid before the prescribed date. The departmental manual provides that demand notices should be issued in each case of default in payment of tax.

It was noticed (between February 1993 and November 1995) in audit that in respect of 226 vehicles registered in different districts, neither the tax amounting to Rs.20.28 lakhs and interest thereon was paid by the owners nor any demand notices were issued by the department for the various periods between December 1986 and December 1995 as detailed below :

Sr. No.	Name of District	No. of vehicles	Period of default	Amount of tax not recovered (In lakhs of rupees)	Remarks
1	Jalgaon	7	Between February 1992 and May 1995	0.93	The department recovered (between March 1995 and November 1995) an amount of Rs.53,461 (including interest of Rs.3,116) in respect of 4 vehicles. Report on recovery of the balance amount and interest has not been received (October 1996).
2	Mumbai (East)	7	Between September 1992 and December 1994	0.58	The department recovered (between November 1994 and January 1995) an amount of Rs.14,117 (including interest of Rs.1,249) in respect of 3 vehicles. Report on recovery of the balance amount and interest has not been received (October 1996).
3	Mumbai (West)	19	Between April 1987 and June 1995	1.93	The department recovered (between August 1994 and March 1995) an amount of Rs.96,046 (including interest of Rs.439) in respect of 12 vehicles. Report on recovery of the balance amount and interest has not been received (October 1996).
4	Mumbai (Central)	35	Between October 1990 and September 1995	7.15	The department recovered (between September 1995 and December 1995) an amount of Rs.44,680 (including interest of Rs.5,367) in respect of 10 vehicles. Report on recovery of the balance amount and interest has not been received (October 1996).
5	Pune (Pimpri-Chinchwad)	61	Between December 1986 and January 1995	2.53	The department recovered (between March 1994 and November 1995) an amount of Rs.62,031 in respect of 18 vehicles. Report on recovery of the balance amount and interest has not been received (October 1996).

Sr. No.	Name of District	No. of vehicles	Period of default	Amount of tax not recovered (In lakhs of Rupees)	Remarks
6	Raigad	26	Between November 1992 and July 1995	2.64	The department recovered (between October 1994 and October 1995) an amount of Rs.1.57 lakhs (including interest of Rs.56,656) in respect of 14 vehicles. Report on recovery of the balance amount and interest has not been received (October 1996).
7	Ratnagiri	61	Between July 1992 and November 1995	4.08	The department recovered (between March 1995 and October 1995) an amount of Rs.2.90 lakhs (including interest of Rs.65,717) in respect of 40 vehicles. Report on recovery of the balance amount and interest has not been received (October 1996).
8	Thane	10	Between March 1991 and September 1993	0.44	The department recovered (between August 1993 and December 1994) an amount of Rs.8,755 (including interest of Rs.983) in respect of 3 vehicles. Report on recovery of the balance amount and interest has not been received (October 1996).
TOTAL				20.28	

All the above cases were reported to Government between January 1996 and May 1996; their reply has not been received (October 1996).

5.3 Incorrect grant of exemption from payment of tax

Under the Bombay Motor Vehicles Tax Act, 1958 and the notification issued thereunder in July 1989, motor vehicles (Buses) belonging to Drama companies and Loknatya or Tamasha Mandals are exempted from payment of tax to the extent of 2/3rd of the annual rate of tax. However, the motor vehicles (Buses) owned by Orchestra party are not covered under the notification and thus full tax is to be recovered.

Similarly, all motor vehicles belonging to school authorities exclusively used for carrying children upto secondary school level are partially exempted from payment of tax. The Act also provides for levy of interest at the rate of 2 per cent per month if there is any default in payment of tax.

- (a) In Mumbai, it was noticed (September 1995) in audit that one vehicle belonging to an orchestra party was exempted partially from payment of tax in excess of 1/3rd of the annual rate of tax resulting in short recovery of Rs.48,168 for the period from July 1989 to March 1995.

On this being pointed out (September 1995) in audit, the department raised the demand (September 1995) and recovered (September 1996) Rs.20,000. Report on recovery of the balance amount has not been received (October 1996).

The matter was reported to Government in March 1996; their reply has not been received (October 1996).

- (b) In Nagpur, four buses registered between January 1990 and August 1990 in the name of three colleges were partially exempted from payment of tax. This resulted in irregular grant of exemption of tax of Rs. 1.19 lakhs for the period from January 1990 to June 1992 including interest amounting to Rs. 29,745.

On this being pointed out (March 1992) in audit, the department raised (March 1995) the demand and recovered Rs. 1.01 lakhs. Report on recovery of balance amount of Rs. 18,190 is awaited (October 1996).

The matter was reported to Government in February 1996; their reply has not been received (October 1996).

- (c) In Tumsar (Bhandara District), a vehicle belonging to a company used for transportation of school children of its employees was exempted partially, though it was not owned by the school and not used exclusively as school bus. This resulted in short levy of tax amounting to Rs.94,214 (excluding interest leviable thereon relating to the period from April 1989 onwards).

On this being pointed out (December 1994) in audit, the department raised (June 1995) the demand of Rs. 94,214 and the interest at the rate of two per cent per month (limited to Rs. 94,214) due till the date of payment of tax. Report on recovery has not been received (October 1996).

The matter was reported to Government in February 1996; their reply has not been received (October 1996).

CHAPTER 6

STAMP DUTY AND REGISTRATION FEES

6.1 Results of Audit

Test check of records of Stamp Duty and Registration Fees conducted during the year 1995-96 revealed under-assessment/short levy/non-levy of duty/loss of revenue etc. amounting to Rs 190.76 lakhs in 400 cases which broadly fall under the following categories.

	No. of cases	Amount (In lakhs of rupees)
Non-levy of stamp duty and registration fees on instruments executed by Co-operative Societies	7	9.36
Incorrect grant of exemption from duty and fees	... 54	21.39
Short levy due to misclassification of documents	... 87	25.30
Short levy due to undervaluation of property	... 13	2.50
Other irregularities	... 239	132.21
Total	... 400	190.76

During the course of the year 1995-96, the concerned departments accepted under assessments/short levy in 52 cases involving Rs. 4.11 lakhs, of which one case involving Rs. 0.06 lakh had been pointed out during 1995-96 and the rest in earlier years. The department recovered Rs. 0.80 lakh.

A few illustrative cases noticed during 1995-96 and earlier years including review on various exemptions, remissions and concessions of stamp duty and registration fees, involving Rs. 407.85 lakhs are given in the following paragraphs.

6.2 Exemptions, remissions and concessions of stamp duty and registration fees

6.2.1 Introduction

Levy of stamp duty and registration fees is governed by the Bombay Stamp Act, 1958 and Indian Registration Act, 1908. It forms third biggest source of revenue to the State exchequer.

Under the provisions of the Acts, if the State Government is satisfied to do so in public interest, it may reduce or remit whether prospectively or retrospectively, the levy of stamp duty and/or registration fees in respect of any instrument or any particular class of instruments belonging to any person or class of persons by rule or order published in the official gazette. Similar powers are also exercised by the Government under the Maharashtra Co-operative

Societies Act, 1960, in respect of instruments of co-operative societies with a view to help the weaker sections of the society or for welfare of the State, to help the trade and industry and to promote development projects for small and marginal farmers, rural community and to encourage co-operative sector in the State. The Government granted various exemptions, remissions and concessions in Stamp duty and/or Registration fees from time to time but in the course of implementation, certain departures from the expressed provisions were noticed which are discussed in succeeding paragraphs nos. 6.2.7 to 6.2.17.

6.2.2 Organisational set up

The State Government in Revenue and Forests Department exercises overall control over and oversees the issue of notifications for grant of concessions/ remissions and their implementation. The Inspector General of Registration and Controller of Stamps is the head of the department. He is assisted by six Deputy Inspectors General of Registration and Deputy Controllers of Stamps at division level, Joint District Registrar and Collector of Stamps at district level and Sub-Registrars mostly at taluka level.

6.2.3 Scope of audit

The reports of the Comptroller and Auditor General of India (Revenue Receipts) of the State for the years 1983-84 to 1985-86 pointed out irregular grant of exemptions, loss of revenue due to misclassification of documents and other irregularities relating to levy and collection of Stamp Duty and Registration fees. The Public Accounts Committee in its fifth report, presented to the Legislature on 24 June 1992, expressed its concern over repeated irregularities being committed by the department and came to the conclusion that the departmental machinery was not sufficiently efficient for effective implementation of the provisions of the Act and recommended that—

- (i) the officers appointed by promotion should be provided training and
- (ii) for those, committing same type of mistakes repeatedly, should be held accountable for their action.

An attempt was, therefore, made to ascertain that the implementation of various provisions of the Act and the notifications issued there-under regarding exemptions/ remissions of Stamp duty and Registration fees was being done properly. Out of 343 registering offices, records of 74 offices including Inspector General of Registration and Controller of Stamps for the period from 1990-91 to 1994-95 were test checked between September 1995 and March 1996. The review also includes some cases noticed during regular audit.

6.2.4 Highlights

- (i) Exemption from stamp duty and registration fees of Rs. 118.50 lakhs on 32 instruments of co-operatives, not eligible for exemption, was irregularly allowed.
(Paragraph 6.2.7)
- (ii) Duty amounting to Rs. 51.02 lakhs was lost due to adoption of incorrect value of the property.
(Paragraph 6.2.8)
- (iii) Remission of duty and fee of Rs. 49.82 lakhs on 152 mortgage deeds was erroneously extended to industrial concerns not covered by remission notification.
(Paragraph 6.2.9)

- (iv) Non-observance of provisions of the Act, resulted in loss of revenue of Rs. 41.14 lakhs.

(Paragraph 6.2.10)

- (v) Irregular concession of stamp duty amounting to Rs. 37.35 lakhs was allowed in respect of 16 non-residential and 86 residential premises not eligible for concessional rate of duty.

(Paragraph 6.2.11)

- (vi) Benefit of exemptions of duty and fee of Rs. 7.56 lakhs was erroneously extended to 46 ineligible agriculturists and 40 individuals on loans exceeding the prescribed ceilings.

(Paragraph 6.2.12)

- (vii) Non-implementation of revised rates of duty resulted in short realisation of revenue of Rs. 5.95 lakhs.

(Paragraph 6.2.13)

6.2.5 Trend of revenue realisation and revenue forgone

The position of revenue realised by way of stamp duty and registration fees and revenue forgone by way of exemptions/concessions during past five years was as under:-

Year	Budget estimates	Revenue realised	increase as in per centage	Number of documents registered	Number of documents exempted	Revenue forgone by way of exemptions/concessions as reported by department (*)
		(Rs. in crores)		(In lakhs)		(Rs. in crores)
1990-91	265.60	286.39	...	8.31	N.A	4.24
1991-92	296.93	369.78	29.12	8.86	N.A	8.84
1992-93	361.80	484.40	31.00	8.73	N.A	4.38
1993-94	432.00	612.66	26.48	9.34	N.A	6.12
1994-95	588.30	1116.58	82.25	10.00	N.A	5.55

The increase of 82.25 per cent during 1994-95 was attributed to—

- (i) declaration of amnesty scheme
- (ii) increase in number of instruments
- (iii) adoption of market value for levy of duty and
- (iv) increase in rates of duty of certain instruments.

The figures of revenue forgone by way of exemptions/concessions were supplied by the department. However, no separate records or data were maintained for this purpose.

It is however, pertinent to mention here that the estimates of receipts during 1993-94 and 1994-95 were far below than actuals.

(*) Figures of Nasik Division were not made available.

6.2.6 Inadequate internal controls

The position of inspections assigned to the Joint District Sub-Registrar, Assistant Inspectors General and Deputy Inspectors General and the inspections actually conducted by the supervisory authorities is given below-

Year	Joint District Registrar	Dy. Inspector General of Registration	Inspector General of Registration (Inspection Wing)	Internal Audit Wing
Yearly norms of inspections	696	216	96	36
Inspections conducted during—				
1990-91	337	79	39	09
1991-92	281	54	45	13
1992-93	251	52	18	29
1993-94	369	16	14	32
1994-95	327	54	06	29
Average percentage of short fall	55	76.38	74.58	37.78

No reasons for short-fall, were however, furnished by the Inspector General of Registration and Controller of Stamps, Maharashtra State, Pune.

The departmental instructions provide for hundred per cent check of the exempted documents including the cases of remissions/concessions or complicated documents, by the Joint District Registrar of Sub-Registries under his jurisdictions in a year. The instructions, however, do not provide for review the cases by supervisory officers viz. Assistant Inspectors General/Deputy Inspectors General.

6.2.7 Irregular grant of exemptions to Co-operatives

The Government by issue of a notification in March 1980 remitted with effect from 20 April 1980, the stamp duty and registration fees payable on all instruments of co-operative societies specified, there-under relating to their business. Instruments of co-operative sugar factories, co-operative spinning mills and State level co-operative societies as well as general societies were, however, excluded from the purview of remission. Similarly, the instruments of transactions relating to the value exceeding Rs. 5,000 executed by individual members with the Urban Co-operative Credit Society and Rs. 10,000 by a member other than individual member with the Central Co-operative Bank were also taken out of the scope of the remission.

Further, by issue of a notification in March 1939 as amended in August 1961, instrument executed by the members of Co-operative Housing Societies of persons other than agriculturists or back-ward class communities for loans exceeding Rs. 5,000 was not exempted from levy of stamp duty and registration fee.

During test check of records of the following offices, it was noticed that 32 instruments executed between the period 1990 and 1994 for a total consideration of Rs. 3949.17 lakhs were irregularly remitted from levy of stamp duty and registration fees even-though they were not covered under the remission notification. Of this, 13 were adjudicated by the Collectors of Stamps (between 1991 and 1994) and remaining were not checked by the officers superior to the registering authority as detailed below:-

Sr. No.	Name of Sub-Registry Office	No. of Co-operative Societies	No. of instruments	Consideration (Rs. in lakhs)	Remission of Stamp duty and Registration Fee (Rs. in lakhs)	
					SD	RF
1.	Mumbai	16	16	3864.42	114.71	0.75
2.	Kolhapur	4	6	71.74	2.44	0.19
3.	Jalgaon	1	1	5.00	0.10	0.05
4.	Amravati, Ahmednagar and Pune	7	9	8.01	0.22	0.04
	Total	28	32	3949.17	117.47	1.03

On this being pointed out the Sub-Registrar, Mumbai did not offer any comments in eleven adjudicated cases, while in four cases stated that the exemptions were allowed under Government notification dated 19 March 1990, since the loans were meant for purchasing of fixed assets. The contention of the Sub-Registrar is not acceptable to audit for the reasons that the notification issued in 1980 by the Government was not superseded by the notification dated 19 March 1990. In one case the Sub-Registrar, Solapur agreed to refer the case to the higher authority, while the Sub-Registrar, Jalgaon agreed to refer the case under Section 53/A to the Chief Controlling Revenue Authority. The Sub-Registrar, Kolhapur did not assign any reason for non-acceptance of the point in six cases, while the Sub-Registrars, Amravati, Nagpur and Pune accepted the audit objection in nine cases.

6.2.8 *Unauthorised concession of stamp duty on conveyance of movable and immovable properties.*

"Conveyance" as defined in the Act, includes a conveyance on sale, every instrument, and every decree or final order of any civil court, by which property, whether movable or immovable, or any interest in any property is transferred to, or vested in, any other person, inter-vivos and which is not otherwise specifically provided for in Schedule I to the Act. Thus all the transactions relating to transfer of properties whether movable or immovable transferred inter-vivos were chargeable as conveyance on the market value of such property.

A test check of instruments in the following Joint District Registrar/Sub-Registrar offices, revealed the short levy of stamp duty amounting to Rs. 51.02 lakhs in seven instruments executed between the period 1990 and 1994.

Sr. No.	Name of Office	No. of Instruments	Consideration	Stamp Duty chargeable	Stamp charged	Short levy	Reasons for short levy
			(R s . i n l a k h s)				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Joint District Registrar/ Sub-Registrar, Pune	2	465.00	13.24	2.22	11.02	Movable properties excluded from the pervue of stamp duty/ part consideration were omitted. Duty levied at lower rate besides adopting lower consideration.
2	Joint District Registrar, Ahmednagar	1	849.86	29.20	14.82	14.38	
3	Sub-Registrar, Mumbai	1	675.00	36.60	23.36	13.24	

Sr. No.	Name of Office	No. of Instruments	Consideration	Stamp Duty chargeable	Stamp charged	Short levy	Reasons for short levy
(R s . i n l a k h s)							
4	Joint District Registrar, Alibaug	1	458.23	18.33	15.71	2.62	Duty was levied on the consideration mentioned in the instruments instead of on the market value.
5	Sub-Registrar, Satara	1	695.60	12.10	2.64	9.46	
6	Sub-Registrar, Kolhapur	1	28.17	2.25	1.95	0.30	
TOTAL		7	2496.86	111.72	60.70	51.02	

Of the above, three documents pertaining to Pune, Ahmednagar and Alibag were certified in adjudication by the Collector of Stamps.

On this being pointed out between March 1992 and November 1995, the Chief Controlling Revenue Authority, Maharashtra State, Pune passed revision orders under Section 53 A (August 1995 and February 1996) for recovery of deficit stamp duty in two cases (Sr. No. 1 and 4), while the rest of Joint District Registrars/ Sub-Registrars agreed to refer the cases to the Chief Controlling Revenue Authority for final orders.

The matter was reported to Government in March 1995; their reply has not been received (October 1996).

6.2.9 Erroneous remission to industrial concerns

By a notification issued in March 1990, Government remitted stamp duty and registration fees payable on instruments of mortgage deed relating to loans advanced by specified financial agencies to meet expenditure on purchase of fixed assets such as machinery, lands and buildings for starting or for expanding industrial undertaking or small scale industrial unit in the areas and the period specified in the notification *ibid*.

As a result of test check of 1,500 instruments in thirty registering offices, 152 mortgage deeds pertaining to loans aggregating to Rs. 2,618.94 lakhs executed between the period 1988 and 1993, were erroneously remitted from payment of duty and fees amounting to Rs. 49.82 lakhs, although they were not eligible for remission.

On this being pointed out (between September 1994 and March 1996), 19 Sub-Registrars accepted the irregularities in ninety six cases and others agreed to re-examine or to refer the remaining fifty six cases to the Inspector General of Registration for final orders.

6.2.10 Loss of revenue due to adoption of incorrect rates

According to the provisions of the Bombay Stamp Act, 1958, instrument coming within two or more of the descriptions in Schedule I, where the duties chargeable thereunder are different, shall be chargeable only with the highest of such duties.

Instruments executed by guarantors as security for repayment of loan of third party by depositing the title deeds of properties with the financing agencies come under the description "security bond" under Article 54 chargeable at lower rates and also under the description "agreement relating to deposit of title deed" under Article 6(i) of Schedule I to the Act chargeable at higher rates.

In Mumbai and Thane, twenty three instruments executed during the period 1990-91 to April 1994 by guarantors as security by way of deposit of title deeds for loans of Rs. 1745.96 lakhs were charged with duty as applicable to security bonds instead of deposit of title deeds. Thus incorrect levy of duty resulted in loss of revenue of Rs. 6.28 lakhs.

On this being pointed out, the Sub-Registrars did not agree with the point, stating that the documents executed upto April 1994 were charged as security bond under Article 54 being executed for loans of third party. The contention of Sub-Registrars is not tenable as the Sub-Registrar, Thane had himself charged such documents under Article 6(1) after May 1994 treating them as deposit of title deed.

6.2.11 *Incorrect grant of concession in stamp duty*

Article 25 (d) of Schedule I to the Bombay Stamp Act, 1958, provides concessional rate of stamp duty on instrument of conveyance relating to residential premises, provided such conveyance is executed by or in favour of co-operative housing society registered or deemed to have been registered or by such society in favour of its member or by a member in favour of another member or where the provisions of Maharashtra Ownership Flats (Regulation of Promotion of Construction, Sale, Management and Transfer) Act, 1963 or Maharashtra Apartment Ownership Act, 1970 apply.

In twenty four registering offices, sixteen instruments of conveyance relating to non-residential premises valued at Rs. 36.63 lakhs and eighty six instruments pertaining to residential premises not related to any of the categories of persons as stated above valued at Rs. 551.93 lakhs were incorrectly admitted for registration on payment of concessional rate of stamp duty. This resulted in short realisation of revenue by Rs. 37.35 lakhs

On this being pointed out (between September 1995 and March 1996) the concerned Sub-Registrars accepted the irregularities in forty five cases and agreed to re-examine or refer remaining fifty seven cases to the Inspector General of Registration for final orders.

6.2.12 *Incorrect allowance of exemptions*

According to Government notification issued in February 1990, instruments of mortgage deed securing repayments of loans advanced by banks executed by following categories of persons were exempted from payment of stamp duty in excess of rupees five and registration fee in excess of rupees twenty.

- (i) Small farmers, marginal farmers or any agriculturists whose liability for land revenue was not more than Rs 7.50 per annum.
- (ii) Persons given loan upto Rs 10,000 only for starting ancillary agricultural operations such as dairy, poultry, piggery etc.

A test check of 900 instruments executed during February 1990 to January 1995 in eighteen registering offices revealed that the benefit of exemption was erroneously extended to forty six agriculturists not covered under the notification in respect of loan of Rs 63.85 lakhs raised by them from banks and to forty individuals for loans of Rs 209.33 lakhs advanced in excess of the ceiling of Rs 10,000 as specified in the notification. The irregular grant of exemption resulted in loss of revenue of Rs. 7.56 lakhs.

On this being pointed out (between September 1995 and March 1996), ten Sub-Registrars in respect of forty cases, accepted the irregularities and in remaining

forty six cases agreed to re-examine or to refer the cases to the Inspector General of Registration for final orders.

6.2.13 *Non-application of revised rate*

The rate of stamp duty on mortgage deed (without possession) under Article 40(b) and deed of hypothecation of movables under Article 6(2) of Schedule I to the Act, was enhanced from 2 per cent to 4 per cent from 1 of May 1993. The duty on security bond under Article 54 was enhanced from the fixed amount of Rs. 100 to two per cent of the amount secured by such deed to a maximum of Rs 2,00,000 with effect from 1st of May 1994. The duty on conveyance of immovable property located in municipal limits was enhanced by a surcharge of one and half per cent from 1 August 1993.

In 193 cases, the duty was charged at pre-revised rates though the instruments were executed after the date from which the enhance rate came into force. This resulted in short realisation of revenue of Rs. 5.95 lakhs.

On this being pointed out the concerned Sub-Registrars accepted the objection in respect of 119 cases. In 67 cases, the Sub-Registrar, Ahmednagar stated that due to late receipt of notification revised duty could not be charged. In 7 cases, Buldana Sub-Registrar agreed to refer the matter to the Inspector General of Registration for final orders.

6.2.14 *Erroneous grant of remission on conveyance of commercial units*

By a notification issued in October 1972 Government of Maharashtra remitted stamp duty on conveyance deed executed by City and Industrial Development Corporation of Maharashtra Limited on sales of flats constructed in New Mumbai.

In Panvel Sub-Registry, the remission was however, erroneously extended to eleven instruments of commercial units (Shops) valued Rs. 48.57 lakhs executed between the period June 1990 and December 1993. This resulted in non-realisation of stamp duty amounting to Rs. 3.52 lakhs. The Collector of Stamps however, did not point out this irregularity during his inspection.

On this being pointed out (March 1996), the Sub-Registrar agreed to refer the point to the Inspector General of Registration. Further report has not been received (October 1996).

6.2.15 *Inordinate delay in disposal of reference, revision and impounded cases*

The powers to decide the cases referred to by the Collector of Stamps under Section 53 and 53-A are vested in the Chief Controlling Revenue Authority. Similar powers to decide impounded cases under Section 33 of the Act, are vested in the Collector of Stamps. The Act, however, does not provide any specific time limit to decide such cases. As a result, thirty six cases involving revenue of Rs. 48.30 lakhs referred to the Chief Controlling Revenue Authority during the period 1991-92 to 1994-95 and four cases impounded under Section 33 referred to the Collector of Stamps Yavatmal and Latur in September 1993 and June 1994 respectively involving deficit duty of Rs. 12.40 lakhs were pending for final decision (October 1996). Of this, a case pertaining to the period January 1989, was barred by limitation, resulting in loss of revenue of Rs. 1.90 lakhs. No control register with complete details was introduced to keep watch on the disposal of cases referred to the Inspector General of Registration.

The agewise pendency of cases with Chief Controlling Revenue Authority is given below :—

Year		Number of cases	Amount involved (In lakhs of rupees)
1991-92	...	01	4.55
1992-93	...	14	5.96
1993-94	...	11	30.64
1994-95	...	10	7.15
Total	...	36	48.30

The department stated (March 1996) that the pendency was due to inadequate staff and heavy work load. The reply is not tenable as no demand for sanction of additional staff was made during the period of review.

6.2.16 Incorrect computation of registration fee

As per table of fees prescribed by the Government under Indian Registration Act, 1908, the registration fee on instruments falling under Article I presented for registration is chargeable at one per cent on the value of consideration of the property to which the instrument relates subject to a maximum of Rs. 5,000.

In six Sub-Registry offices(*) on forty four instruments pertaining to mortgage deeds, security bonds and conveyance deeds for consideration aggregating Rs. 515.46 lakhs, the registration fee was not charged with reference to the value/consideration of property, resulting in short realisation of fee of Rs. 1.51 lakhs.

The observations were accepted by all the six Sub-Registrars. Report on raising demand and collection of deficit fees has not been received (October 1996).

6.2.17 Other topics of interest

A test check of records of 68 Sub-Registrar offices, revealed that in 231 cases the duty was charged on the basis of title/heading of the instrument, without examining the nature of transactions recorded therein. This resulted in short realisation of revenue by Rs. 34.86 lakhs.

In 226 cases, objections were accepted by registering authorities. It is pertinent to mention here although the Public Accounts Committee had recommended provision of suitable training facilities to the officers deployed for registration but no training facilities were provided except holding one day training to the Sub-Registrars in a month. However, no system of monitoring and evaluation of this training was arranged to judge the adequacy of the training programme.

The matter was reported to Government in May 1996.

6.3 Short levy of stamp duty due to misclassification of documents

- (a) As per Explanation I below Article 25 of Schedule I to the Bombay Stamp Act, 1958, effective from 10 December 1985, an agreement to sell immovable property, the possession of which is transferred to the purchaser before, at the time of or after the execution of such agreement without executing the conveyance in respect thereof, shall be deemed to be a conveyance deed and stamp duty thereon shall be levied accordingly. Further, according to Article 40(b) of Schedule I to the Bombay Stamp Act, 1958, mortgage deed, not being an agreement, relating to deposit of the title deeds and when

(*) Mumbai, Amravati, Nagpur, Kolhapur, Jalgaon and Pune.

possession of the property or any part of the property comprised in such deed is not given or agreed to be given, the rates of stamp duty will be the same, as applicable to a bond and for the amount secured by such deed.

In seven Sub-Registry offices, 229 instruments executed during 1987 to 1992 which related to conveying of right, title and interest in immovable properties for consideration of Rs. 2600.49 lakhs were chargeable with stamp duty at the rate applicable to conveyance deed but were erroneously charged with stamp duty at lower rate applicable to "agreement to sell". This resulted in short levy of stamp duty amounting to Rs. 82.93 lakhs as detailed below:

Name of Sub-Registry Office	No. of Documents	Year of Registration	Considderation (In lakhs of Rupees)	Stamp Duty short levied
Thane	32	1989 to 1991	81.65	3.41
Mumbai (S-Series)	1	1988	75.00	7.50
Bandra-IV (Mumbai)	51	1989 and 1990	171.83	9.80
Sangli	1	1991	8 25	0.49
Haveli-I (Pune)	2	1989	3.95	0.39
Haveli-II (Pune)	56	1987 and 1992	217.12	59.10
Nagpur (City)	86	1991 and 1992	85.69	2.24
TOTAL	229		2600.49	82.93

On this being pointed out (between August 1992 and January 1995) in audit, the department accepted (between November 1994 and February 1996) the audit observations and directed the concerned sub-registrars to initiate action for levy of deficit stamp duty. Further report has not been received (October 1996).

The cases were reported to Government between November 1992 and February 1995); their replies have not been received (October 1996).

- (b) According to the Bombay Stamp Act, 1958, an instrument of partition is defined as any instrument whereby co-owners of any property divide or agree to divide such property in severalty and stamp duty on such instrument is leviable at the rates applicable to bond under Article 46 of Schedule I to the Act.

In Sub-Registry, Nagpur (Nagpur City) a document was got registered in February 1990 by the head of a joint family and his four brothers and wives of all, dividing the ancestral house properties on which stamp duty of Rs. 20 only was levied, treating it as settlement deed, instead of Rs. 34,580 leviable at the rates applicable to a partition deed. This resulted in short levy of stamp duty amounting to Rs. 34,560.

On this being pointed out (September 1992) in audit, the Inspector General of Registration, Maharashtra state, Pune directed (July 1994) the Sub-Registrar, Nagpur City to recover the deficit stamp duty. Report on recovery has not been received (October 1996).

The matter was reported to Government in December 1992; their reply has not been received (October 1996).

6.4 Non-levy of stamp duty

According to the Bombay Stamp Act, 1958, the term "Conveyance" includes a conveyance on sale, every instrument and every decree or final order of any Civil Court by which property whether movable or immovable or any estate or interest in any property is transferred to or vested in any other person, inter-vivos, which is not otherwise specifically provided for in Schedule I.

In Sub-Registry (Bom-Series) Mumbai, five documents of consent decree were registered during 1981, 1982 and 1988 for consideration of Rs. 51.29 lakhs, on which no stamp duty was levied. This resulted in non-levy of stamp duty of Rs. 6.30 lakhs.

On this being pointed out (September 1992) in audit, the Inspector General of Registration, Maharashtra State, Pune accepted the objection (December 1993) and directed the Sub-Registrar, Mumbai to initiate action for recovery. Report on recovery has not been received (October 1996)

The matter was reported to Government in December 1992; their reply has not been received (October 1996).

CHAPTER 7

OTHER TAX RECEIPTS

7.1 Results of audit

Test check of records of departmental offices, conducted in audit during 1995-96 revealed short realisation or losses of revenue amounting to Rs.628.99 lakhs in 7537 cases as listed below :

	Number of cases	Amount (In lakhs of rupees)
Electricity Duty/Tax on sale of electricity ...	3748	6.88
Maharashtra Education and Employment Guarantee Cess	372	531.16
Profession Tax ...	2758	17.51
Repair Cess ...	48	1.59
Tax on buildings (with larger residential premises) ...	165	3.43
Entertainments Duty ...	446	68.42
Total ...	7537	628.99

During the course of the year 1995-96, the concerned departments accepted under-assessments etc. in 854 cases involving Rs.525.56 lakhs of which 69 cases involving Rs.510.36 lakhs had been pointed out in audit during 1995-96 and rest in earlier years and recovered Rs.10.82 lakhs. A few illustrative cases noticed during 1995-96 and in earlier years and a review on 'Levy and Collection of Electricity Duty and Fees' involving Rs.898.83 lakhs are given in the following paragraphs.

SECTION A

ELECTRICITY DUTY

7.2 Levy and collection of electricity duty and fees

7.2.1 Introduction

The levy and collection of electricity duty by the State Government on the electrical energy consumed is governed by the Bombay Electricity Duty Act, 1958, the Maharashtra Tax on Sale of Electricity Act, 1963 and the Rules made thereunder. Under the Bombay Electricity Duty Act, 1958, every licensee shall collect the electricity duty on the units of energy sold for consumption, from the consumers through the electric power supply bills and pay it to the State Government, by the prescribed date. Further, every person (other than

a licensee) who consumes energy generated by him is also liable to pay electricity duty. Tax on sale of electricity is paid on every unit of energy sold by a bulk licensee in respect of all his sales.

Fees for testing and inspection of installations connected to the supply system of the supplier is also levied under the Indian Electricity Act, 1910 and the Indian Electricity Rules, 1956 and remitted to the State Government at such rates as may be fixed from time to time.

In Maharashtra, the major portion of the electricity duty is levied, collected and remitted to the State Government by the licensees viz., the Maharashtra State Electricity Board (MSEB), the Bombay Suburban Electric Supply (BSES), the Bombay Electric Supply and Transport (BEST) and the Tata Electric Companies.

7.2.2 Organisational Set-up

The Chief Engineer (Electrical), Mumbai under the administrative control of the Industries, Energy and Labour Department administers the Central and State Act and Rules connected with electricity. For this purpose the State is divided into four regions viz. Mumbai, Pune, Aurangabad and Nagpur, each headed by a Superintending Engineer. Besides, there are thirteen divisions, each headed by an Electrical Inspector. There is an Inspector of Lifts for the entire State.

7.2.3 Scope of audit

With a view to ascertaining the effectiveness and efficiency of the system of levy and collection of electricity duty with reference to the provisions of the Act and Rules and adequacy and effectiveness of inspections of installations and realisation of fees as prescribed in the Indian Electricity Rules, 1956, a review was undertaken during the period from October 1995 to March 1996 and the records relating to the period 1990-91 to 1994-95 in the offices of the Chief Engineer (Electrical), Mumbai, Inspector of Lifts, Mumbai and eight Electrical Inspectors (out of 13) concerned with Duty and Inspection were test checked.

7.2.4 Highlights

- (i) There were considerable delays by 40 consumers in the remittance of electricity duty, the interest leviable for such belated payments for the period 1990-91 to 1994-95 amounted to Rs.85.96 lakhs.
(Para 7.2.7)
- (ii) Electricity duty and interest amounting to Rs.14.75 lakhs on energy consumed by Central Government employees were yet to be credited to Government Account.
(Para 7.2.8)
- (iii) Electricity duty from 3 textile mills amounting to Rs.21.35 lakhs for the period 1982 to 1984 became irrecoverable due to concession granted by way of deferment of duty.
(Para 7.2.9)
- (iv) Non-conducting of inspection resulted in non-realisation of inspection fees of Rs.254.71 lakhs
(Para 7.2.10)

7.2.5 Trend of receipts

The figures of total tax revenue of the State vis-a-vis those from taxes and duties on electricity for the period from 1990-91 to 1994-95 are given below :

Year	Total tax revenue	Total receipts from taxes and duties on electricity	Percentage of 3 to 2	Percentage of increase (+) or decrease (-) over previous year
(In crores of Rupees)				
1990-91	5119.70	277.50	5.42	(+)27
1991-92	5954.30	296.35	4.98	(+) 7
1992-93	6560.93	276.33	4.21	(-) 7
1993-94	7696.20	336.66	4.37	(+)22
1994-95	9454.62	336.68	3.56	Negligible

The department attributed (May 1996) the reasons for increase during 1993-94 to the payment of duty by the licensees in April following instead of in March 1992.

7.2.6 Arrears

Arrears on account of uncollected electricity duty and inspection fees at the end of March 1995 recoverable from captive generators amounted to Rs.543.08 lakhs and Rs.219.50 lakhs respectively. The year-wise break-up is as follows :

Year	Amount (Rupees in lakhs)	
	Electricity Duty	Inspection Fees
Upto 1990-91	307.84	23.23
1991-92	91.93	37.47
1992-93	77.43	26.78
1993-94	43.45	33.67
1994-95	22.43	98.35
Total	543.08	219.50

The analysis of the arrears of electricity duty as reported by the department was as follows :

Sr. No.	Details	No.of cases	Amount (Rupees in lakhs)
1.	Referred to Collectors for recovery of dues as Land Revenue	10	19.11
2.	Payment by instalment facility granted	2	59.86
3.	Government approached to direct the Consumers to pay dues	6	80.88
4.	Proposals for recovery pending with Government	3	53.47
5.	Subjudice cases	1	34.29
6.	Action yet to be taken	6	64.67

7.2.7 Non-realisation of interest on belated payment of electricity duty

Under the provisions of the Bombay Electricity Duty Act, 1958 and the Rules framed thereunder, if the amount of electricity duty due is not deposited by the licensee, the Board or any other consumer in Government treasury within the prescribed period, interest at the rate of 18 per cent per annum for the first three months and thereafter at the rate of 24 per cent per annum is chargeable on the amount of duty remaining unpaid, till the date of payment.

During the period April 1990 to March 1995, 40 consumers (Co-op. sugar factories - 35, Others 5) delayed payment of electricity duty and the department had levied interest of Rs.85.96 lakhs and issued demand notices from time to time. Despite payment not having been made by the consumers, no legal action as required under the Act, was taken by the department to recover the amount (October 1996).

7.2.8 Non-recovery of duty on energy consumed for domestic purpose by Central Government employees

Central Government establishments are exempt from payment of electricity duty on energy consumed for bonafide public purposes. However, exemption is not available for energy consumed by the Central Government employees for domestic purpose.

The Electricity Duty and interest aggregating Rs.14.75 lakhs (Duty Rs.11.28 lakhs and interest Rs.3.47 lakhs) leviable on energy consumed for domestic purpose by employees of Defence and Railway establishments was not recovered (Garrison Engineer, Dehu Road, Pune Rs.10.38 lakhs, three other establishments Rs.4.37 lakhs).

The department stated (May 1996) that the decision of the Government to recover the dues as arrears of land revenue was awaited.

7.2.9 Irrecoverable electricity duty of Rs.21.35 lakhs from textile mills

The Tata Electric Companies (one of the licensee) supplies electricity to all the textile mills in Mumbai. It levies, collects and remits the electricity duty in respect of all the mills to the Government.

In Mumbai, the textile mills went on a strike during the period from January 1982 to February 1983. In order to enable them to tide over the financial crisis due to strike, the State Government decided (April 1983) that the electricity duty for the year 1982-83 may be deferred and recovered after a moratorium fixed on the basis of the categories of the mills.:

It was noticed that three textile mills which were strike affected and liable to make the payment of duty on deferred basis, electricity duty arrears amounting to Rs.21.35 lakhs for the years 1982 to 1984 was not recovered and remitted to Government by the licensee though energy charges and duty continued to be recovered from these mills for subsequent periods.

The department stated (May 1996) that the proposal sent (July 1995) to Government to write-off the amount involved is yet to be approved. The reply is not tenable because the arrears pertaining to the textile mills managed by the National Textile Corporation only were entitled for write-off.

7.2.10 Non-realisation of inspection fees/non-conducting of inspection

- (a) It was noticed that in 2,90,035 cases, though inspections of various installations were carried out, by the department as required under rules but the inspection fees amounting to Rs. 219.50 lakhs was not recovered for the years 1990-91 to 1994-95.

Further as per norms fixed 34,11,054 installations were required to be inspected during the period 1990-91 to 1994-95 but only 24,57,847 installations were inspected leaving a shortfall of 9,53,207 installations resulting in non-collection of inspection fees.

- (b) As per Bombay Lifts Act, 1938, every lift shall be inspected at least once in six months and an annual fee shall be charged for such inspection. It was noticed that out of 50638 lifts required to be inspected during 1992-93 to 1994-95 only 44086 lifts were inspected leaving short fall of 6552 lifts involving inspection fee of Rs.16.76 lakhs.

It was further noticed that inspection fees amounting to Rs. 18.45 lakhs in respect of 9142 lifts inspected upto the period ending March 1995 was not recovered.

The matter was reported to Government in April 1996; their reply has not been received (October 1996).

SECTION B

THE MAHARASHTRA EDUCATION AND EMPLOYMENT GUARANTEE CESS

7.3 Non-remittance of education cess

Under the provisions of the Maharashtra Education and Employment Guarantee (Cess) Act, 1962, the proceeds of the cess and penalties recovered by a municipality on behalf of State Government shall be credited to the consolidated fund of the State within 7 days from the date of recovery.

In Pune Municipal Corporation, it was noticed (September 1995) that the Government revenue amounting to Rs.502.48 lakhs collected by the Municipal Corporation on account of State Education Cess and Employment Guarantee Cess during the period 1994-95 was not credited to Government account.

On this being pointed out (September 1995) in audit, the department stated that the amount of cess would be remitted to the Government account shortly. Report on actual remittance has not been received (October 1996).

The matter was reported to Government in January 1996; their reply has not been received (October 1996).

7.4 Incorrect grant of exemption from payment of education cess and employment guarantee cess

Under the provisions of the Maharashtra Education and Employment Guarantee (Cess) Act, 1962, as amended in 1974 and 1975, State education cess is leviable on lands and buildings in a municipal area. Besides, employment guarantee cess is leviable

with effect from 1 April 1975 on lands and buildings used for non-residential purposes. The properties belonging to a Public Trust registered under the Bombay Public Trust Act, 1950 and exclusively used for public worship or for charitable purposes are, however, exempt from payment of education cess. Similarly, lands and buildings vesting in the State Government or belonging to a municipality or a Zilla Parishad and used exclusively for public purposes and not used or intended to be used for the purpose of profit, are exempt. Government clarified (August 1986) that education cess and employment guarantee cess is recoverable on annual rent recovered from the stall owners in respect of public markets owned by Municipal Corporations/Municipalities/ Cantonment Boards. Government further clarified (May 1990) that the education activities fall within the scope of residential purpose for levy of education cess. Further, no exemption is available in respect of properties owned by Public Sector Corporations and undertakings of the Central and State Government.

It was noticed in audit (between March 1992 and May 1994) that the education cess and employment guarantee cess of Rs.4.09 lakhs was erroneously exempted in the cases detailed below :

Sr. No.	Name of the District	Property belonging to	Education cess and employment guarantee cess exempted for the years	Amount (In lakhs of rupees)	Remarks
1.	Pimpri Chinchwad	Property belonging to Central Warehousing Corporation (Central Government Undertaking)	1987-88 to 1995-96	2.30	The department raised demand for Rs. 2.30 lakhs. Report on recovery has not been received (October 1996).
2.	Mumbai	4 properties used for educational purposes	1978-79 to 1991-92	1.40	The department raised demand for Rs.1.83 lakhs for the years upto 1995-96. Report on recovery has not been received (October 1996).
3.	Mumbai	2 properties belonging to Municipal Corporation used as Market	1991-92 to 1993-94	0.39	The department raised demand for Rs.39,006 in respect of said properties. Report on recovery has not been received (October 1996).
TOTAL				4.09	

The above cases were reported to Government in March 1996; their reply has not been received (October 1996).

SECTION C

**THE MAHARASHTRA TAX ON PROFESSIONS, TRADES,
CALLINGS AND EMPLOYMENTS**

7.5 Non-realisation of profession tax

Under the provisions of the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 and the Rules framed thereunder, every person liable to pay tax is required to obtain certificate of enrolment and pay tax annually at the rate prescribed in Schedule to the Act. The conductors of video parlours/centres and licensed foreign liquor vendors are required to pay profession tax at the rate of Rs.600 per annum. Similarly, holders of permit for transport vehicles are required to pay Rs.300 per annum for each vehicle subject to maximum of Rs.600.

During cross verification of the records of the offices issuing permits to the conductors of video parlours, transport operators and foreign liquor vendors, with the records in the Profession Tax offices, it was noticed (between November 1993 and April 1994) in audit that 465 persons though liable to pay tax were not enrolled under the Profession Tax Act resulting in non-realisation of revenue of Rs.3.36 lakhs as detailed below :

Sr. No.	Name of the District	Year	Particulars of persons not enrolled	No.	Rate per annum (Rs.)	Amount of tax involved (In lakhs of rupees)	Remarks
1.	Buldhana	1991-92 and 1992-93	video parlours	118	600	1.42	The department stated (April 1995) that the notices for enrolment have been issued in respect of all the video parlours and recovery of Rs. 22,000 was effected in respect of 19 video parlours. Further report on recovery has not been received (October 1996).
2.	Gondia	1992-93	Conductors of video parlours	118	600	0.71	The department stated (November 1995) that out of 118 video parlours, 27 have been granted enrolment certificates. Report on recovery of the tax and enrolment of balance cases has not been received (October 1996).

Sr. No.	Name of the District	Year	Particulars of persons not enrolled	No.	Rate per annum (Rs.)	Amount of tax involved (In lakhs of rupees)	Remarks
3.	Dhule	1991-92 and 1992-93	Holders of transport permits	96	300	0.43	The department stated (April 1994 and July 1994) that out of 96 permit holders, 15 have been granted enrolment certificates and Rs.7,200 recovered. Report on enrolment of remaining cases and recovery of the balance amount has not been received (October 1996).
4.	Solapur	1993-94	licensed foreign liquor vendors	72	600	0.43	The department stated (December 1995) that out of 72 vendors, 17 have been granted enrolment certificates and Rs.10,200 recovered. Report on enrolment of the balance cases and recovery has not been received (October 1996).
5.	Solapur	1993-94	video parlours	61	600	0.37	The department stated (November 1995) that out of 61 video parlours, 10 have been granted enrolment certificates and Rs.4,200 from 7 operators recovered. Report on enrolment of the balance cases and recovery of tax has not been received (October 1996).
TOTAL						3.36	

The above cases were reported to Government in January 1996; their reply has been received (October 1996).

SECTION D

REPAIR CESS

7.6 Short recovery of repair cess

In order to provide for the repair and reconstruction of dilapidated buildings, the Bombay Building Repair and Reconstruction Cess is leviable under the provisions of the Maharashtra Housing and Area Development Act, 1976, at the rates prescribed in the Second Schedule to the Act. All the buildings in the area to which the Act extends are liable for levy of repair cess. The Act also provides that when a building is structurally repaired (or is deemed to be so repaired) by the Maharashtra Housing and Area Development Board, the repair cess is to be recovered at enhanced rates as prescribed in the Schedule.

It was noticed (between April 1993 and October 1993) during audit that the repair cess of Rs.10.20 lakhs for the period 1990-91 to 1995-96 was levied short in respect of 22 non-residential premises structurally repaired by the Maharashtra Housing and Area Development Board.

On this being pointed out (between April 1993 and October 1993) in audit, the department stated (November 1995) that in respect of 3 properties involving Rs.1.01 lakhs, demand notices have been issued. Report on recovery has not been received. In respect of 19 properties involving Rs.9.19 lakhs, the department stated (October 1994 to November 1995) that the owners' share being 10 per cent of the rateable value, while deciding the rate of cess for non-residential portion of property, 10 per cent is deducted from the residential rate towards the owners' share and remaining rate was doubled for levy of cess to non-residential portion. Reply of the department is not tenable since rate of cess to be levied and paid in respect of non-residential properties is double the rate of cess payable for residential purposes as specified in the Schedule to the Act.

The above cases were reported to Government in January 1996; their reply has not been received (October 1996).

SECTION E

TAX ON BUILDINGS

7.7 Non-remittance of tax collected on larger residential premises

Under the provisions of the Maharashtra Tax on Buildings (with Larger Residential Premises) (Re-enacted) Act, 1979, the proceeds of the tax and penalties recovered by a municipality on behalf of State Government shall be credited to the Consolidated Fund of the State within 30 days from the date of recovery.

In Aurangabad Municipal Corporation, it was noticed (December 1995) that the Government revenue amounting to Rs.91,813 collected by the Municipal Corporation on account of tax on larger residential premises during the year 1994-95 was not credited to Government account.

On this being pointed out (December 1995) in audit, the department stated that the amount of tax would be remitted to Government account shortly. Report on actual remittance has not been received (October 1996).

The matter was reported to Government in March 1996; their reply has not been received (October 1996).

SECTION F

ENTERTAINMENTS DUTY

7.8 Non-recovery of entertainments duty on unspent balance of service charges

Under the Bombay Entertainments Duty Act, 1923, as amended from time to time, entertainments duty is leviable at prescribed rate on all the payments for admission to any entertainment. The Act further provides that with effect from 25 December 1992 any amount collected by the proprietor of a permanent cinema, during a year, at the rate not exceeding 50 paise per ticket (raised to Re.1 per ticket with effect from 16 September 1994) on account of service charges and spent by him before 31 March of that year towards maintenance, providing facilities and safety measures in the cinema, shall not be included in the payment for admission. The unspent balances, if any, shall be included in the payment for admission and entertainments duty at appropriate rate is leviable thereon.

In Pune, it was noticed (September 1995) in audit that unspent balance of Rs.1.15 lakhs as on 31 March 1995 in respect of two permanent cinema houses was not considered for levy of entertainments duty, resulting in under-assessment of Rs.57,528.

This was pointed out to the department in September 1995 and reported to Government in March 1996; their reply has not been received (October 1996).

CHAPTER 8

NON-TAX RECEIPTS

8.1 Results of Audit

Test check of records of non-tax receipts conducted during the year 1995-96, revealed under-assessment/short levy/loss of revenue etc. amounting to Rs. 3634.57 lakhs in 451 cases which broadly fall under the following categories:

	No. of cases	Amount (in lakhs of rupees)
Short recovery/non recovery of guard charges/rent/ licence fee etc	327	2.96
Non-recovery of establishment charges	7	34.42
Losses of tendu leaves	4	26.53
Losses on other forests revenue	32	463.21
Miscellaneous	81	3107.45
Total	451	3634.57

During the course of the year 1995-96, the concerned departments accepted under-assessments etc. of Rs. 12.85 lakhs in two cases of which one case involving Rs. 1.27 lakhs was pointed out in 1995-96. A few illustrative cases noticed during 1995-96 and in earlier years involving Rs. 81.16 lakhs are mentioned in the following paragraphs.

8.2 Loss of revenue due to failure to recover the dues from tendu leaves purchasers

According to the provisions of the Maharashtra Minor Forests Produce (Regulation of Trade in Tendu Leaves) Rules, 1969, the tendu leaves collected by the Government or its officers or agents at various units are to be sold at the rate per standard bags after inviting sealed tenders. The payment for the leaves purchased shall be made by the purchaser on due dates in accordance with the condition specified in the contract. Extension of time limit for payment of royalty, if asked for, is granted subject to payment of interest of twenty per cent per annum on the outstanding amount from the due date till the actual date of payment, failing which the respective Territorial Conservator of Forests in whose jurisdiction the area of contract is situated shall be at liberty to terminate the contract forthwith without prejudice to any other rights or remedies under the contract and to resell the stock of tendu leaves, not taken delivery of by the purchaser, at the risk and cost of the original purchaser and claim from him all the resultant losses sustained or costs incurred thereby.

In four forest divisions/circle, in 1990 tendu season, purchasers from Andhra Pradesh were given contract for collection and removal of tendu leaves in eleven tendu units during the 1990 tendu season. Against the notified yield of 7650 standard bags, 9627.383 standard bags valued at Rs. 131.09 lakhs were collected by them. Out of this, the purchasers could lift only 1689 standard bags and failed to lift the remaining quantity as per terms and conditions of agreement which resulted in loss of Rs. 87.36 lakhs. After terminating

1492
1493
1494

1495

1496
1497
1498
1499
1500
1501
1502
1503
1504
1505
1506
1507
1508
1509
1510
1511
1512
1513
1514
1515
1516
1517
1518
1519
1520
1521
1522
1523
1524
1525
1526
1527
1528
1529
1530
1531
1532
1533
1534
1535
1536
1537
1538
1539
1540
1541
1542
1543
1544
1545
1546
1547
1548
1549
1550
1551
1552
1553
1554
1555
1556
1557
1558
1559
1560
1561
1562
1563
1564
1565
1566
1567
1568
1569
1570
1571
1572
1573
1574
1575
1576
1577
1578
1579
1580
1581
1582
1583
1584
1585
1586
1587
1588
1589
1590
1591
1592
1593
1594
1595
1596
1597
1598
1599
1600

APPENDICES

YEAR-WISE DETAILS OF OUTSTANDING AUDIT

AS ON 30

Reference : Paragraph : 1.13

Sr. No. (1)	Name of Receipt (2)	Upto 1991-92			1992-93		
		I. Rs. (3)	Objs. (4)	Amount (5)	I. Rs. (6)	Objs. (7)	Amount (8)
1	Sales Tax	322	638	110.45	228	484	102.48
2	Land Revenue	724	1246	2304.97	44	146	174.40
3	Agricultural Income Tax	27	41	3.00	—	—	—
4	Stamp Duty and Registration Fees	408	1039	706.51	27	288	285.00
5	Forest Receipts	127	177	890.82	33	68	3026.28
6	Taxes on Vehicles	55	96	54.35	16	33	18.42
7	Entertainments Duty	57	61	16.32	18	28	10.07
8	State Excise	46	72	0.42	12	21	0.02
9	Electricity Duty	1	2	0.42	1	2	—
10	Tax on Professions	48	93	18.80	24	54	3.72
11	State Education Cess	26	61	58.20	18	31	28.23
12	Tax on Residential Premises	—	—	—	1	1	—
13	Repair Cess	7	9	0.53	5	7	1.00
14	Other Non-tax Receipts	55	77	142.38	7	9	2.62
Total		1897	3612	4307.17	434	1172	3652.24

IRs = Inspection Reports

I

OBSERVATIONS UNDER VARIOUS RECEIPTS

JUNE 1996

Page No. 16

(Amount in lakhs of rupees)

1993-94			1994-95			1995-96 (Upto 31-12-95)			TOTAL		
I. Rs. (9)	Objs. (10)	Amount (11)	I. Rs. (12)	Objs. (13)	Amount (14)	I. Rs. (15)	Objs. (16)	Amount (17)	I. Rs. (18)	Objs. (19)	Amount (20)
320	640	217.78	360	838	220.82	391	1189	480.93	1621	3789	1132.46
145	395	831.14	77	231	530.19	132	381	1172.78	1122	2399	5013.48
—	—	—	—	—	—	—	—	—	27	41	3.00
41	166	117.49	220	717	432.35	98	275	105.19	794	2485	1646.54
35	64	1445.99	43	118	1251.01	47	144	2771.95	285	571	9386.05
23	53	23.14	20	53	29.74	17	55	34.07	131	290	159.72
26	39	4.74	35	61	21.70	24	48	41.02	154	237	93.85
19	21	13.11	17	24	25.90	39	80	87.98	133	218	127.43
2	2	27.09	9	12	1.11	4	17	6.21	17	35	34.83
20	41	8.40	34	89	33.74	26	56	16.53	152	333	81.19
30	64	46.03	21	35	6.28	5	10	0.17	100	201	138.91
2	4	0.03	6	9	1.08	3	5	0.96	12	19	2.07
6	10	17.98	10	15	11.93	—	—	—	28	41	31.44
12	19	14.87	16	21	84.47	11	14	85.35	101	140	329.69
681	1518	2767.79	868	2223	2650.32	797	2274	4803.14	4677	10799	18180.66

Objs. = Objections

APPENDIX II

(Reference Paragraph 1.14 - Page No. 16)

Statement showing number of paragraphs in respect of which explanatory memoranda have not been received

Sr. No.	Name of the department	1992-93	1993-94	1994-95	Total
1.	Finance	17	17	15	49
2.	Home	07	05	04	16
3.	Revenue and Forests	20	12	17	49
4.	Industries, Energy and Labour	01	—	—	1
5.	Housing and Special Assistance	—	—	1	1
6.	Irrigation	—	—	1	1
7.	Co-operation & Textiles	—	—	1	1
	Total	45	34	39	118

APPENDIX III

(Reference Paragraph 1.14 - Page No. 16)

Statement showing number of paragraphs in respect of which action taken notes on recommendations of the Public Accounts Committee have not been received

Sr. No.	Name of the department	1986-87	1987-88	1988-89	Total
1.	Revenue and Forests	3	—	1	4
2.	Finance	—	1	1	2
	Total	3	1	2	6

ERRATA

to the

Report of the Comptroller and Auditor General of India on Revenue Receipts for the year ended 31st March 1996 (No. 1) — Government of Maharashtra.

Sr. No.	Reference	Line	For	Read
(1)	Para/Page	(3)	(4)	(5)
Contents				
v	7.8	Section F Entertainments Duty	servic	service
2	Chapter I	Chart I 1993-93 1993-94	CHAPTER I 1993-94	CHART I 1994-95 1995-96
		(In all the three charts)		
4	Chapter I	Chart II	CHAPTER II 9484.62 (1994-95)	CHART II 9454.62 (1994-95)
5	Chapter	1.8 Table Col. 3	31 March	31st March 1995
6	Chapter I	Chart III	CHAPTER III	CHART III
7	24	Table Sr. 9 last Col.	Nagpur district	To be deleted
8	25	Table Sr. 10 Col. 3	Nut bolls	Nut bolts
9	26	Table Sr. 3 Column 4	due on	due to
10	27	Table Sr. 6 last column	assessed	re-assessed
11	29	Table Sr. 1 last column	The eapartment	The department
12	29	Table Sr. 2 Col. 2	hoisery	hosiery
13	29	Table Sr. 3	in manufacture at	in manufacture of
14	30	Table Sr. 5 last column	(August 1996)	(August 1995)
15	40	Table Sr. 2 Column 3	Rs. 3.0	Rs. 3.09
16	56 & 57	Table column 6	stamp charged	stamp duty charged
17	59	6.2.13 3rd line	1 of May 1963	1st of May 1963
18	59	6.2.13 9th line	enhance rate	enhanced rate
19	61	Table Col. 4	considederation	consideration
20	74	8th line from top	non-chashment	non-encashment

